

CSD 1001C [11/15/04]

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Order Entered on
April 10, 2013
by Clerk U.S. Bankruptcy Court
Southern District of California

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF CALIFORNIA
325 West "F" Street, San Diego, California 92101-6991

In Re

WARNER SPRINGS RANCHOWNERS ASSOCIATION

Debtor.

LODGED

BANKRUPTCY NO. 12-03031-LA11

Date of Hearing: March 6, 2013

Time of Hearing: 2:00 p.m.

Name of Judge: Hon. Louise DeCarl Adler

FINAL ORDER APPROVING SALE OF ASSETS PURSUANT TO DEBTOR'S MOTION FOR ORDER: (A) AUTHORIZING AND SCHEDULING THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF THE ESTATE AND CO-OWNERS INTEREST THEREIN, FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS; (B) APPROVING THE STALKING HORSE BID AND RELATED BREAK-UP FEE; (C) APPROVING PROCEDURES FOR THE SUBMISSION OF QUALIFYING BIDS AND CONDUCTING THE SALE; AND (D) APPROVING THE FORM AND MANNER OF NOTICE PURSUANT TO FEDERAL RULE OF BANKRUPTCY PROCEDURE 2002

IT IS ORDERED THAT the relief sought as set forth on the continuation pages attached and numbered two (2) through Q with exhibits, if any, for a total of one hundred ten (110) pages, is granted. Notice of Lodgment Docket Entry No. 786.

// NOT APPROVED AT THIS TIME. COURT HAS SCHEDULED HEARING ON OBJECTIONS FOR
// 4/11/2013 AT 2:30 PM. SUBMIT ORDER AFTER HEARING IF APPROPRIATE.
//

DATED: April 10, 2013

NOT APPROVED

Signature by the attorney constitutes a certification under Fed. R. of Bankr. P. 9011 that the relief in the order is the relief granted by the court.

Submitted by:

Gordon & Rees LLP
(Firm name)

Louise DeCarl Adler
Judge, United States Bankruptcy Court

By: /s/ Jeffrey D. Cawdrey
Attorney for ☒ Movant ☐ Respondent
Warner Springs Ranchowners Association

CSD 1001C



The motion of debtor and debtor-in-possession herein, Warner Springs Ranchowners Association ("Debtor"), for entry of an order: (A) Authorizing and Scheduling the Sale of Substantially all Assets of the Estate and Co-Owners Interests Therein, Free and Clear of all Liens, Claims, Encumbrances and Interests, (B) Approving the Stalking Horse Bid and Related Break-up Fee, (C) Approving Procedures for the Submission of Qualifying Bids and Conducting the Sale and (D) Approving the Form and Manner of Notice Pursuant to Federal Rule of Bankruptcy Procedure 2002 [Docket No. 619] (the "Motion") came on for a final hearing on March 6, 2013, immediately following the Auction and Co-Owner Auction and was continued for a final hearing to March 7, 2013 at 2:30 pm and further continued to March 12, 2013 at 10:00 am. (collectively, the "Sale Hearing") before the above-mentioned Court, the Honorable Louise DeCarl Adler, judge presiding. Debtor appeared by and through its counsel, Gordon & Rees LLP by Jeffrey D. Cawdrey and Megan M. Adeyemo; Pala Band of Mission Indians ("Pala") appeared by and through its counsel, Slater & Truxaw LLP by Gary E. Slater; Pacific Hospitality Group, Inc. ("PHG") and its assignee Warner Springs Ranch Resorts, LLC ("WSRR") appeared by and through its counsel, Foley & Lardner LLP by Christopher Celentino; other appearances were noted on the record.

Debtor's estate solicited Bids in accordance with the Bid Procedures Order (as defined below). The Court conducted the Auction in accordance therewith on March 6, 2013, immediately prior to the hearing on the Motion. At the Sale Hearing, approval and authorization was sought of (a) that certain Purchase and Sale Agreement, by and among the Debtor and Warner Springs Ranch Resorts, LLC (collectively with any successors or assigns, the "Purchaser"), the form of which was previously approved by this Court (as the same may be supplemented, modified, restated, or amended in whole or in part from time to time by any duly authorized amendment or modification, the "PSA"), a copy of the final, executed PSA may be found at Docket No. 785 and is incorporated herein by reference as Exhibit A; (b) the Sale of the Ranch, free and clear of all Liens, Claims (including claims of a possessory interest to any portion of the Ranch), Encumbrances and Interests (including and without limitation, the interests of all persons or entities ("Co-Owner") holding an undivided interest as tenant-in-common ("UDI") in the Land and Improvements (as defined in the PSA), whether holding recorded or unrecorded full, half or partial UDI, or other unrecorded interests, liens, claims or encumbrances (hereinafter collectively the "Co-Owner Interests")); and (c) other related relief. It appearing to the Court that (i) the relief requested in the Motion is in the best interests of the Debtor, the Debtor's estate, its creditors, Co-Owners and other parties in interest; and (iii) adequate notice of the Motion and opportunity for objection has been given to all parties in interest. The Court having heard and considered the statements, offers of proof and arguments of counsel and the evidence presented in support of the Motion, all objections to the Motion, all of which are hereby overruled; and finding that that the legal and factual bases set forth in both the Motion and during the hearing establish just cause for the relief granted herein. THEREFORE, after due deliberation and finding and concluding that good and sufficient cause exists to grant said relief,

THE COURT HEREBY FINDS AND CONCLUDES AS FOLLOWS:

A. Jurisdiction and Venue. This court has jurisdiction over Debtor, this bankruptcy case and the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and 11 U.S.C. §§105 and 363. The Court has jurisdiction to enter final judgment and order on the Motion pursuant to 28 U.S.C. § 158. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A),(M),(N) and (O). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409(a). This order constitutes a final order within the meaning of 28 U.S.C. § 158(a).

B. Notice. Due, proper, timely, adequate and sufficient notice of the Motion, the Sale, the Sale Hearing, the Auction, the Co-Owner Auction, the Bid Procedures, and the Sale contemplated by the PSA has been provided in accordance with Sections 102(1), 363 and 365 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, 9007 and 9014, and any other applicable provisions, including but not limited to the Bid Procedures Order. Such notice was good, sufficient and appropriate notice of such matters under the particular circumstances. A reasonable opportunity to object and be heard regarding the Motion, the Sale and the transactions contemplated thereunder and under the PSA has been afforded and reasonably calculated to apprise (i) all holders of liens, claims, encumbrances and Interests, including, without limitation, Co-Owner Interests, asserted in or against the Ranch, whether recorded or unrecorded, to the extent ascertainable by Debtor; (ii) the Office of the United States Trustee; (iii) all applicable federal, state and local regulatory or taxing authorities, recording offices or any governmental entity which have a reasonably known interest in the relief requested in the Motion; and (iv) all parties entitled to receive notice as of the date hereof pursuant to the Bankruptcy Code, the Bankruptcy Rules, Bid Procedures Order and/or orders of this Court. No other or further notice of the Motion, the Sale Hearing or the Sale is required. A reasonable opportunity to object or be heard regarding the relief requested in the Motion was afforded to all interested persons and entities.

C. Authority. Debtor has and had full organizational power and authority to execute and deliver the PSA and all other documents contemplated thereby. The Sale of the Ranch and, as applicable, the assumption and assignment of the Assumed Contracts (as defined below), by the Debtor to the Purchaser has been duly and validly authorized by all necessary organizational action. Debtor has all of the organizational power and authority necessary to consummate the transactions contemplated by the PSA and no consents or approvals, other than those expressly provided for in the PSA,

are required for the Debtor to consummate such transactions. Debtor's President has and had full authority to execute and deliver the PSA and all other documents contemplated thereby.

D. Arm's-Length Sale. The PSA was negotiated, proposed and entered into (or if not yet executed, when entered into) by Debtor and the Purchaser without collusion, in good faith and from arm's-length bargaining positions. Neither Debtor nor the Purchaser, nor any of their respective representatives, have engaged in any conduct that would cause or permit the PSA to be avoided under section 363(n) of the Bankruptcy Code. The terms and conditions of the PSA and the transactions contemplated thereby (including without limitation the consideration provided in respect thereof) are fair and reasonable and shall not be avoided under Section 363(n) of the Bankruptcy Code. The Bid Procedures set forth in the Bid Procedures Order, were non-collusive, proposed and executed in good faith as a result of arm's length negotiations, and substantively and procedurally fair and consented to in advance of the Auction and Co-Owner Auction by all parties including without limitation the Purchaser and Pala. The Auction and Co-Owner Auction were conducted, including the selection of the Successful Bidder and Backup Bidder at the conclusion of the Auction and Co-Owner Auction, in accordance with the Bid Procedures Order. Debtor solicited offers in accordance with, and has otherwise complied in all respects with, the Bid Procedures Order. The sale process set forth in the Bid Procedures Order afforded a full, fair and reasonable opportunity for any entity to make a higher or otherwise better offer to purchase the Ranch, with the Purchaser ultimately having been determined by the Court, after a recommendation by Debtor and consideration of all facts and circumstances relevant and necessary for the Court to make the findings set forth herein.

E. Good Faith Purchaser. The Purchaser is purchasing the Ranch in good faith and is a good faith purchaser of the Ranch within the meaning of Section 363(m) of the Bankruptcy Code and is, therefore, entitled to all of the protections afforded by that provision. The Purchaser and its representatives have proceeded in good faith in all respects in connection with the Sale and Sale Hearing. The proposed Sale was conducted pursuant to commercially reasonable Bid Procedures previously approved by this Court as designed to maximize the value of the Ranch. The sale terms constitute reasonably equivalent value and reasonable market value for the Ranch. The PSA was negotiated, proposed and entered into by the parties in good faith, from arm's length bargaining positions and without collusion, and the Purchaser is entitled to the protections of section 363(m) of the Bankruptcy Code with respect to the Ranch and the purchase and sale thereof. Neither the Debtor nor the Purchaser have engaged in conduct that would cause or permit the PSA to be voided under section 363(n) of the Bankruptcy Code or any other provision of applicable law, the Bankruptcy Code, the Bankruptcy Rules or applicable law.

F. Sale in the Best Interests of the Debtor, Debtor's Estate and Creditors. Good and sufficient reasons for approval of the PSA, the Sale and the Motion were articulated at the Sale Hearing and in related pleadings, and the relief requested in the Motion and granted herein is in the best interest of the Debtor, its estate, its creditors and other parties in interest. Approval of the PSA and consummation of the Sale and other transactions contemplated thereby are in the best interests of the Debtor, its creditors, its estate, and other parties in interest.

G. Business Justification. Debtor has demonstrated both (i) good, sufficient and sound business purposes and justifications; and (ii) compelling circumstances for the Sale outside of the ordinary course of business under section 363(b) of the Bankruptcy Code in that, among other things, the immediate approval by this Court of the Sale to the Purchaser is appropriate to maximize the value of the Debtor's estate. Entry of an order approving the PSA and all of the provisions thereof and the transactions contemplated thereby is a necessary condition precedent to the Purchaser's consummation of the transactions set forth in the PSA. The Sale and other transactions contemplated thereby do not constitute a de facto plan of reorganization, as the Sale and other transactions contemplated thereby do not and will not: (a) impair or restructure existing debt of, or equity interests in, the Debtor; (b) impair or circumvent voting rights with respect to any future plan; (c) circumvent chapter 11 plan safeguards, such as those set forth in sections 1125 and 1129 of the Bankruptcy Code; or (d) classify claims or equity interests or extend debt maturities. Given all the circumstances of this Bankruptcy Case, the proposed Sale and other transactions contemplated thereby constitute reasonable and sound exercise of the Debtor's business judgment and should be approved. Debtor has demonstrated compelling circumstances and a good, sufficient, and sound business purpose and justification for the Sale and other transactions contemplated by the PSA and to execute, deliver and consummate the PSA with the Purchaser and consummate the transactions contemplated by the PSA.

H. Consideration. The consideration provided by the Purchaser pursuant to the PSA is fair and reasonable and constitutes fair market value for the Ranch. In addition, the consideration provided by the Purchaser constitutes reasonably equivalent value or fair consideration under the Bankruptcy Code, and the laws of the United States, the State of California, any other state, territory, possession thereof or the District of Columbia. Approval of the Motion and the PSA with the Purchaser on a final basis, and consummation of the transactions contemplated thereby, is in the best interest of the Debtor, its estate, its creditors and all other parties in interest.

I. Free and Clear. The transfer of the Ranch to the Purchaser under the PSA will constitute a legal, valid, and effective transfer of the Ranch and will vest the Purchaser with all right, title, and interest of the Debtor and Co-Owners in and to the Ranch free and clear of (i) all liens as defined in Section 101(37) of the Bankruptcy Code, whether consensual, statutory, possessory, judicial or otherwise, whether recorded or unrecorded, (ii) claims as defined in Section 101(5) of the Bankruptcy Code including, without limitation, successor liability claims (including claims of a possessory interest to any portion of the Ranch), whether recorded or unrecorded, and (iii) all encumbrances or other Interests, whether recorded or unrecorded, of any kind or nature whatsoever, whether known or unknown, legal or equitable, matured or unmatured, contingent or non-contingent, liquidated or unliquidated, asserted or unasserted, recorded or unrecorded, whether arising prior to or after the Petition Date, and whether imposed by agreement, understanding, law, equity or otherwise, accruing, arising or relating thereto, at any time prior to the date of closing of the PSA ("Closing Date"), including, without limitation, all Co-Owner Interests, and all recorded covenants, conditions and restrictions, except as otherwise provided in the PSA or this Order. Any and all liens, claims, encumbrances and Interests asserted as to any Co-Owner Interest, whether recorded or unrecorded, shall attach to the sale proceeds of the particular Co-Owner Interest as to which such liens, claims, and/or Interests are asserted, with the same extent, enforceability and priority as they have attached to the UDI, and all holders thereof are adequately protected thereby. Any and all liens, claims, encumbrances and Interests asserted as to any UDI held by Debtor, whether recorded or unrecorded, shall attach to the sale proceeds of Debtor's UDIs with the same extent, enforceability and priority as they have attached to the UDI, and all holders thereof are adequately protected thereby. Other than with respect to easements, rights-of-way, encroachments, conflicts, discrepancies, overlapping of improvements, protrusions, encumbrances, restrictions, conditions, covenants and/or other matters (the "Permitted Encumbrances," as further defined in Section 10.b. of the PSA) each holder of any lien, claim, encumbrance and/or Interest, whether recorded or unrecorded, against any UDI or the Ranch: (i) has, subject to the terms and conditions of this Order, consented to the Sale or is deemed to have consented to the Sale, including by failing to object to the Motion or withdrawing any such objections, pursuant to section 363(f)(2) of the Bankruptcy Code; (ii) could be compelled in a legal or equitable proceeding to accept money satisfaction of such lien, claim, encumbrance and/or Interest; or (iii) otherwise falls within the provisions of section 363(f) of the Bankruptcy Code, including that such liens, claims, and/or Interests is/are in bona fide dispute. The Sale is free and clear of Co-Owners' rights and interests under Sections 363(h) and (i) of the Bankruptcy Code. Notwithstanding any other provision of the PSA or this Order, the Sale and the transfer of the Ranch to the Purchaser is not, and shall not be free and clear of (a) the Assumed Liabilities, (b) the Permitted Encumbrances, (c) any applicable provisions of the Bankruptcy Code, including, but not limited to, 11 U.S.C. § 365(h); and (d) any ownership by Warner Resort Company ("WRC") of "a one-sixth profit interest (as determined by standard accounting purposes) in any commercial geothermal development on the described real property" to the extent such interest is a valid, legal and cognizable interest (collectively, the "Continuing Encumbrances"). Notwithstanding anything to the contrary herein, the sale of the Ranch is also expressly subject to the rights of Verizon Wireless (VAW), LLC ("Verizon") and Vista Towers, LLC, a California limited liability company ("Vista"), as lessees, under Section 365(h) of the Bankruptcy Code.

J. Sale of Co-Owner Interest. The Court has entered seven judgments authorizing the sale of the Ranch and Co-Owners interests therein pursuant to Section 363(h) of the Bankruptcy Code in Adversary Proceeding No. 12-90153 [Adversary Proceeding Docket Nos. 65, 66, 73, 84, 87, 118 and 119].

K. No Successor Liability/Sale Free and Clear. The Purchaser shall not assume or become liable for any liabilities relating to the Ranch being sold by the Debtor unless expressly stated in the PSA or this Order. Without limiting the foregoing, the transfer of the Ranch to the Purchaser under the PSA shall not result in the Purchaser, or any of its affiliates, successors or assigns, having any liability or responsibility to the Debtor or its estate or to any third party except as is expressly set forth in the PSA or this Order, or for any lien, claim, and/or Interest, or any other obligation, of or against the Debtor or its estate or any third party, and neither the Purchaser, nor any of its affiliates, successors and assigns, shall, as a result of the Sale or any action taken in connection with the Sale, be deemed to: (1) be a successor or other similarly situated party to the Debtor or any Co-Owner with respect to any claim allowable in this Bankruptcy Case, except with respect to obligations arising from and after the Closing Date under any executory contract or unexpired lease of the estate that are assumed by the Purchaser pursuant to the PSA, or as otherwise provided in the PSA; or (2) have, de facto or otherwise, merged with or into the Debtor. The transfer of the Ranch to the Purchaser will not subject the Purchaser to any liability whatsoever with respect to the operation of the Debtor's or any Co-Owners' businesses prior to the Closing Date (except for Assumed Liabilities); provided however, that notwithstanding any other provision of the PSA or this Order, the Sale and the transfer of the Ranch to the Purchaser is not, and shall not be free and clear of Continuing Encumbrances. The sale of the Ranch is also expressly subject to the rights of Verizon and Vista, as lessees, pursuant to Section 365(h) of the Bankruptcy Code.

L. Section 365 Assumption and Assignment. Debtor and the Purchaser have, to the extent necessary, satisfied the requirements of Section 365, including Sections 365(b)(1) and 365(f)(2), of the Bankruptcy Code, in connection with the assumption and assignment, as applicable, of the Assumed Contracts and Leases (each as defined in the PSA) and other

property to be assumed pursuant to the PSA (collectively, the "Assumed Contracts"). The Purchaser has demonstrated adequate assurance of future performance with respect to such Assumed Contracts (set forth in Schedule 2a.(7) to the PSA), and no party has objected to the Debtor's assumption thereof, the Debtor's assignment thereof to the Purchaser or the Purchaser's assumption thereof or any such objections are overruled. The Court finds and concludes that the "cure amounts" proposed by the Debtor with respect to all Assumed Contracts (collectively, the "Allowed Cure Amounts"), are the sole amounts cognizable under Section 365(b)(1)(A) or (B), the payment of which is a required condition of the Debtor's assumption of such contracts and leases. The Allowed Cure Amounts shall be paid by Debtor at the closing of the Sale to be distributed and released through Escrow to the applicable counter-party thereto. Verizon and Vista asserted limited objections to the cure amounts proposed by Debtor. Notwithstanding anything to the contrary herein, as to Verizon and Vista, the Court finds and concludes that the cure amount is not properly before the Court at this time and a separate motion or pleading for determination of the cure amounts payable to Verizon and Vista must be filed. The payment of cure amounts by the Debtor, to be determined by the Court, to Verizon and Vista is a required condition of Debtor's assumption and assignment of such contracts and leases.

M. Co-Owner Rights Under Section 363(i). Co-Owners had a fair and reasonable opportunity to exercise their rights under Section 363(i) of the Bankruptcy Code by submitting a Matching Bid by the Bid Deadline and thereafter participating in the Co-Owner Auction pursuant to the terms and procedures set forth in the Bid Procedures. Pala was the only Co-Owner that submitted a Matching Bid by the Bid Deadline and, except for the Purchaser, participated in the Co-Owner Auction. Pala did not submit an increased or enhanced Bid as required by the Bid Procedures, prior to the close of the Co-Owner Auction.

NOW THEREFORE, THE COURT HEREBY ORDERS, ADJUDGES, AND DECREES AS FOLLOWS:

1. Motion is Granted. The Motion and the relief requested therein is GRANTED and APPROVED, as set forth herein and on the record of the Sale Hearing, which is incorporated herein in its entirety, and the Sale and other transactions as contemplated thereby is granted and approved.
2. Objections Overruled. All objections to the Motion or the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included in such objections, are overruled on the merits, except as specifically and expressly set forth herein.
3. Approval of PSA. The conformed and amended PSA with the Purchaser and all of the terms and conditions thereto are hereby approved as if fully set forth and incorporated herein. Pursuant to Section 363(b) of the Bankruptcy Code, Debtor and its President are hereby authorized, without further order of the Court, to take any and all actions necessary or appropriate to: (i) consummate the Sale of the Ranch and Co-Owners Interests therein to the Purchaser pursuant to the terms of the PSA; (ii) close the Sale as contemplated by the PSA and this Order; (iii) execute and deliver, perform under, consummate and implement the PSA, together with all additional instruments and documents that may reasonably be necessary to implement the PSA and Sale; and (iv) take all other and further actions as may be reasonably necessary or appropriate to implement the transactions contemplated by the PSA.
4. Free and Clear. Except as expressly provided for in this Order, pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, as of the Closing Date, the Debtor, on behalf of itself and the Co-Owners, shall transfer, and the Purchaser shall take title to and possession of, the Ranch. Title to the Ranch shall pass to the Purchaser, free and clear of all liens, claims (including claims of a possessory interest to any portion of the Ranch), encumbrances and Interests, whether recorded or unrecorded, including, without limitation, all Co-Owner Interests and creditors of the Co-Owners other than the Continuing Encumbrances. All such liens, claims, encumbrances and Interests upon the Ranch other than the Continuing Encumbrances hereby are unconditionally released, discharged and terminated as to the Ranch and UDIs. All liens, claims, encumbrances and Interests shall attach to the proceeds of the particular UDI against or in which such liens, claims, and/or Interests are asserted, with the same extent, enforceability, priority and effect as existed prior to the closing of the Sale, subject to any rights, claims and defenses of the Debtor, its estate or the UDI, as applicable, may possess with respect thereto, and subject further to the other provisions of this Order. Upon closing of the Sale, the Purchaser shall take title to the Ranch. The findings reflected in paragraphs I and L above regarding Verizon and Vista are incorporated as rulings in this paragraph.
5. Good Faith. The transactions contemplated by the PSA are undertaken by the Purchaser without collusion and in good faith, as that term is used in section 363(m) of the Bankruptcy Code and, accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale or other transactions contemplated therein shall not affect the validity of the Sale with the Purchaser, unless this Court's authorization is duly stayed pending such appeal prior to the Closing Date. The Sale approved by this Order is not subject to avoidance pursuant to section 363(m) of the

Bankruptcy Code. In the absence of any person or entity obtaining a stay pending appeal, if the Debtor and the Purchaser close the transactions contemplated by the PSA, the Purchaser shall be deemed to be acting in "good faith" and shall be entitled to the protections of section 363(m) of the Bankruptcy Code as to all aspects of the transactions under and pursuant to the PSA if this Order or any authorization contained herein is reversed or modified on appeal.

6. Assumed Contracts.

a. Debtor has demonstrated that the assumption by the Debtor and assignment to the Purchaser of the Assumed Contracts is in the best interests of the Debtor, its creditors and the estate and represents a prudent exercise of the Debtor's business judgment. The Assumed Contracts are an integral part of the Ranch and, accordingly, such assumption and assignments are reasonable. Upon the payment of the Allowed Cure Amounts, no default on the part of the Debtor exists under the Assumed Contracts with respect to any material term, condition, covenant, payment obligation or other obligations thereunder, whether prepetition or postpetition in nature, other than any default existing as a result of the filing of the Bankruptcy Case. The Purchaser has provided adequate assurance of its future performance of and under the Assumed Contracts within the meaning of section 365(b)(1)(C) of the Bankruptcy Code. Debtor is hereby authorized pursuant to sections 105(a) and 365 of the Bankruptcy Code, upon satisfaction or waiver to the extent permitted by the PSA of the conditions of the PSA and the occurrence of the Closing Date, to assume and assign to the Purchaser each of the Assumed Contracts in accordance with the PSA. Other than as included in the Allowed Cure Amounts, there shall be no assignment fees, increases, rent-acceleration or any other fees charged to the Purchaser or the Debtor as a result of the assumption and assignment of the Assumed Contracts. The Allowed Cure Amount with respect to the executory contracts and unexpired leases of Verizon and Vista shall be determined by the Court at a later date. Anything to the contrary herein notwithstanding, the payment of cure amounts by the Debtor, to be determined by the Court, to Verizon and Vista is a required condition of Debtor's assumption and assignment of such leases and the rights of Verizon and Vista shall be reserved and preserved for such purposes. Nothing in this order shall deprive the rights granted to Verizon and Vista under Section 365(h) of the Bankruptcy Code. Such rights are expressly reserved for such parties in the event Debtor does not assume the unexpired leases to which Verizon and Vista are parties. The findings reflected in paragraphs I and L above regarding Verizon and Vista are incorporated as rulings in this paragraph.

b. Pursuant to Sections 105(a), 363 and 365 of the Bankruptcy Code, all parties to the Assumed Contracts who did not file timely objections in accordance with the orders of this Court are forever barred and permanently enjoined from asserting, prosecuting or otherwise pursuing any of the Debtor, the Purchaser or any of their respective affiliates, successors or assigns or agents, representatives, counsel and advisors, the Ranch or any other assets or operations of any of the Debtor or the Purchaser, on the basis that payment of any cure amounts are owing or any other conditions to assumption or assignment must be satisfied in order for the Assumed Contracts to be assumed by the Debtor and assigned to the Purchaser; and from raising or asserting against the Debtor or the Purchaser any assignment fee, default, breach or claim or pecuniary loss, or condition to assignment, arising under or related to the Assumed Contracts, existing as of the date that such Assumed Contracts are assumed or arising by reason of the Closing Date. On the Closing Date, the Purchaser shall assume all liabilities associated with the Assumed Contracts in accordance with the terms of the PSA. The assignment by the Debtor of the Assumed Contracts shall release the Debtor and its estate from any liability for any breach of such Assumed Contract occurring after such assignment.

7. Fair Consideration. The consideration provided by the Purchaser pursuant to the PSA for its purchase of the Ranch constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act and under the laws of the United States, any state, territory, possession or the District of Columbia. The consideration provided by the Purchaser for the Ranch under the PSA is fair and reasonable.

8. Application of Sale Proceeds. Any and all valid and perfected liens, claims, encumbrances and Interests including, without limitation, all interests of Co-Owners, whether recorded or unrecorded, in the Ranch, other than the Continuing Encumbrances, shall attach to any proceeds from the Purchase Price of the Ranch immediately upon receipt of such Purchase Price proceeds by the Debtor (or any party acting on the Debtor's behalf) in the order of priority, and with the same validity, force and effect which existed prior to the closing of the Sale, subject to any rights, claims and defenses the Debtor or its estate or Co-Owners as applicable, may possess with respect thereto. Notwithstanding the foregoing, such liens, claims, encumbrances and Interests shall not attach to the costs, fees or other amounts payable by Debtor or the Purchaser under the PSA (including, without limitation, closing costs, fees, the Seller's Broker's Commission, amounts for payment of taxes or other amounts to be paid by Debtor or Purchaser under the PSA).

Furthermore, to the extent necessary, this Order shall constitute an order surcharging the Ranch (which surcharge shall not run as against Purchaser after closing of the sale authorized hereunder) and the proceeds of the Sale approved

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ORDER ON Motion for Order Approving Sale to Warner Springs Ranch Resorts, LLC

DEBTOR: Warner Springs Ranchowners Association

CASE NO: 12-03031-LA11

hereunder pursuant to section 506(c) of the Bankruptcy Code, in order to accomplish same as necessary and appropriate costs of preserving and liquidating the Ranch collateral. The Escrow Agent shall be permitted to cause the foregoing items to be paid through Escrow as applicable upon the instruction and/or consent of the Debtor.

9. Direction to Release Liens, Claims, and/or Interests. On the Closing Date, each of the Debtor's creditors or holders of liens, claims, encumbrances and/or Interests including, without limitation, all interests of Co-Owners, whether recorded or unrecorded, are ordered and directed to execute such documents and take all other actions as may be reasonably necessary to release their liens, claims, encumbrances and/or Interests in or against the Ranch, if any, as such liens, claims, encumbrances and/or Interests may have been recorded or may otherwise exist. All entities that are in possession of some or all of the Ranch are hereby directed to surrender possession thereof to the Purchaser on the Closing Date.

a. If any person or entity that has filed financing statements, mortgages, mechanic's liens, lis pendens, or other documents or agreements evidencing liens, claims, encumbrances or Interests (including, without limitation, all interests of Co-Owners) (other than Continuing Encumbrances) against or in the Ranch or any UDI shall not have delivered to the Debtor or the Escrow Holder prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, and releases of the liens, claims, encumbrances or Interests that the person or entity has with respect to the Ranch or otherwise, the Debtor (and to the extent Debtor does not do so, the Purchaser is authorized) is hereby authorized, but not required, to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Ranch or UDI; or may apply to the Court, on an ex parte basis, for an order appointing an elisor to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Ranch or UDI. Notwithstanding the foregoing, the failure to provide and/or file any such release, statement or instrument shall not affect the Sale of the Ranch as free and clear of the same as provided in this Order. Whether or not Debtor or Purchaser executed or causes an elisor to execute any of the foregoing, such documents, statements or interests are deemed released, expunged and of no valid legal effect of any kind for any purpose.

b. The provisions of this Order authorizing the Sale of the Ranch free and clear of all liens, claims, encumbrances and Interests (including, without limitation, all interests of Co-Owners) (except Continuing Encumbrances), shall be self-executing. The failure of any person or entity required to execute or file releases, termination statements, assignments, cancellations, consents or other instruments to effectuate, consummate and/or implement the provisions hereof with respect to such Sale shall not defeat the terms of this Order. This paragraph shall not excuse such parties from performing any and all of their respective obligations under the PSA. Without in any way limiting the foregoing, the Debtor or the Purchaser are empowered to execute and file releases, termination statements, assignments, consents, cancellations or other instruments to effectuate, consummate and/or implement the provisions hereof with respect to such Sale.

10. No Successor Liability. Other than with respect to the Continuing Encumbrances, neither the Purchaser nor any of its affiliates, successors or assigns shall, as a result of the consummation of the transaction contemplated by the PSA be a successor of the Debtor or any Co-Owner, have, de facto or otherwise, merged or consolidated with or into the Debtor, or be a continuation or substantial continuation of the Debtor or any Co-Owner or the Debtor's or any Co-Owner's business. Other than with respect to the Continuing Encumbrances, or as otherwise expressly provided in the PSA or this Order, the transfer of the Ranch to the Purchaser under the PSA shall not result in the Purchaser nor or any of its affiliates, members or officers, or the Ranch: (i) having any liability or responsibility for any liens, claims, encumbrances and/or Interests (including, without limitation, any interests of Co-Owners) asserted against the Debtor or against an insider of the Debtor and any such parties, including parties to the executory contract and leases that are not Assumed Contracts are enjoined from asserting any claims to the contrary; (ii) having any liability whatsoever with respect to, or be required to satisfy in any manner, whether at law or in equity, whether by payment, setoff or otherwise, directly or indirectly, any lien, claim, encumbrance and/or Interest (including, without limitation, any interests of Co-Owners); or (iii) having any liability or responsibility to the Debtor, its estate any Co-Owner. To the fullest extent permitted by applicable law, the Purchaser is not, and will not become by virtue of the Sale, the alter ego of, a successor in interest to, or a continuation of the Debtor or any Co-Owner, nor is the Purchaser otherwise liable for the Debtor's or any Co-Owners' debts and obligations, unless otherwise specifically provided for in the PSA or pursuant to this Order. Any liens arising in favor of unpaid secured real and business personal property taxes against the Ranch that are not yet due at the time of closing of the PSA, together with the liability for such taxes, shall continue to attach to the Ranch and shall be assumed by the Purchaser and paid as set forth in the PSA.

11. Effect of Order. On the Closing Date, this Order shall be considered and shall constitute (a) for any and all purposes, a full and complete general assignment, conveyance and transfer of the Debtor's and Co-Owner's interests in

the Ranch to the Purchaser, and (b) other than as expressly provided for in the PSA or in this Order, a determination that all liens, claims, encumbrances and Interests (including, without limitation, all Co-Owners) of any kind or nature whatsoever existing as to the Ranch prior to the Closing Date, other than the Continuing Encumbrances, shall have been unconditionally released, discharged and terminated as of the Closing Date, and that the Sale described herein had been effected. This Order shall be binding upon and shall govern the acts of all entities, including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Ranch, and each of the foregoing is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the PSA. A certified copy of this Order may be filed with the appropriate clerk and/or recorded to act to cancel any liens, claims, encumbrances or Interests (including, without limitation, all interests of Co-Owners) on or against the Ranch sold under the PSA (except for Continuing Encumbrances).

12. Co-Owner Rights under Section 363(i) of the Bankruptcy Code. Any Co-Owner who did not (i) submit a Matching Bid by the Bid Deadline, (ii) participate in the Co-Owner Auction or (iii) participated in the Co-Owner Auction and failed to match the First Bid, Second Bid or subsequent Bids, if any, or failed to submit an Increased Bid in the amounts required by the Bid Procedures when offered the opportunity to do so by the Bankruptcy, was and hereby is deemed to have waived its rights under Section 363(i) of the Bankruptcy Code. Pala was the only Co-Owner that submitted a Matching Bid by the Bid Deadline and, except for the Purchaser, participated in the Co-Owner Auction. Pala did not submit an increased or enhanced Bid as required by the Bid Procedures, prior to the close of the Co-Owner Auction and by its own agreement to the Bid Procedures, inter alia, has waived its rights under Section 363(i) of the Bankruptcy Code.

13. Binding on Successors. The terms and provisions of the PSA and this Order shall be binding in all respects upon the Debtor, its estate, the Purchaser, all creditors (whether known or unknown) of the Debtor, all holders of liens, claims, and/or Interests (including, without limitation, all interests of Co-Owners) against or on all or any portion of the Ranch, any non-debtor counterparties to any of the Debtor's Assumed Contracts or other executory contracts or unexpired leases, the Purchaser and its affiliates, and the successors and assigns of each of the foregoing. This Order, the PSA and the other agreements contemplated thereby shall inure to the benefit of the Debtor, its estate, its creditors, the Purchaser, Co-Owners and the successors and assigns of each of the foregoing.

14. Retention of Jurisdiction/No Stay of Order. This Court retains jurisdiction, pursuant to its statutory powers under 28 U.S.C. § 157(b)(2), to, among other things, interpret, implement, and enforce the terms and provisions of this Order, the PSA, all amendments thereto and any waivers and consents thereunder and any documents executed in connection therewith to which the Debtor is a party, including, but not limited to, retaining jurisdiction to: (a) any challenge to the way the Auction, Co-Owner Auction and the Sale Hearing were conducted by the Court; (b) any attacks on title by any person or entity holding a lien, claim, encumbrance or interest as to which the Ranch is sold free and clear of; (c) any claims against PHG or WSRR, Debtor or the estate that are or may be asserted by Pala; (d) compel delivery of the Ranch to the Purchaser; (e) interpret, implement and enforce the provisions of this Order and any related order; (f) protect the Purchaser against any liens, claims, encumbrances and Interests (including, without limitation, the interests of Co-Owners) in the Ranch of any kind or nature whatsoever including those that attached to the proceeds of the Sale; and (g) any disputes related to the PSA or this Order. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004, 6006 and 7062, this Order shall be effective and enforceable seventy-two hours after entry and its provisions shall be self-executing. In the absence of any person or entity, holding the appropriate bond, obtaining a stay pending appeal, the Debtor and the Purchaser are free to close under the PSA at any time, subject to the terms of the PSA.

15. Non-Material Modifications. The PSA and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by such parties, and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not vary any provisions hereof, or have an adverse effect on the Debtor's estate.

16. Relief from Stay. The automatic stay imposed by section 362 of the Bankruptcy Code is modified as to the Debtor and the Purchaser and their agents, the escrow agent and their representatives to the extent necessary to implement the closing of the Sale and effecting the transactions contemplated thereby.

17. Order Controls. To the extent that this Order is inconsistent with any prior order or pleading with respect to the

Motion in this Bankruptcy Case, the terms of this Order shall govern. The failure specifically to include any particular provisions of the PSA or any documents, agreements or instruments executed or to be executed in connection thereunder, in this Order shall not diminish or impair the effectiveness of such provision, document, agreement or instrument, it being the intent of the Court that the PSA and all such documents, agreements and instruments be authorized and approved in their entirety. Notwithstanding the foregoing sentence, to the extent there are any inconsistencies between the terms of this Order and the PSA (including all ancillary documents executed in connection therewith), the terms of this Order shall govern.

18. Entire Property. Debtor is authorized hereby to transfer the entire property, including the interests of Co-Owners therein, to Purchaser pursuant to the PSA on the terms and conditions set forth herein.

AGREED AS TO FORM AND SUBSTANCE:

KIRBY & MCGUINN, A.P.C.

By: _____
Dean T. Kirby
Counsel for Debt Acquisition Company of America, LLC

MCGUIREWOODS LLP

By: /s/ Payam Khodadai
Payam Khodadai
Counsel for Verizon Wireless (VAW), LLC and Vista Towers, LLC

FOLEY & LARDNER LLP

By: /s/ Christopher Celentino
Christopher Celentino
Counsel for Pacific Hospitality Group, Inc. and Warner Springs Ranch Resort, LLC

HAMLIN CODY

By: /s/ Richard F. Hamlin
Richard F. Hamlin
Attorneys for Warner Resort Company

SLATER & TRUXAW, LLC

By: _____
Gary E. Slater
Counsel for Pala Band of Mission Indians

EXHIBIT A

“SELLER”

and

**WARNER SPRINGS RANCH RESORT, LLC,
A CALIFORNIA LIMITED LIABILITY COMPANY
“BUYER”**

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SUCCESSFUL BIDDER
PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS

This SUCCESSFUL BIDDER PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (“**Agreement**”) dated as of March 25, 2013 is entered into by and between WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation (“WSRA”), or Assignee, on behalf of itself and its co-owners, (collectively “**Seller**”), and WARNER SPRINGS RANCH RESORT, LLC, a California limited liability company (“**Buyer**”), on all of the terms and conditions set forth in this Agreement. Seller and Buyer are collectively referred to as the “Parties”.

RECITALS

Seller is the owner of approximately 2,380 acres, more or less, of rural lands in the mountain region of northern San Diego County commonly known as the Warner Springs Ranch and Spa located at 31652 Highway 79, Warner Springs, California [APN: 137-092-30 (Parcel 1 and 3 described in that certain Certificate of Compliance recorded with the Office of the San Diego County Recorder on December 23, 1983 as Doc. No. 83-469613), and APN: 137-092-31], as presently more particularly described in that certain Stewart Title Company preliminary title report dated January 6, 2012 (“Stewart Report”) which legal description is set forth on the attached Exhibit “A” as such legal description may be revised as described in Section 2.a. below (“Land”), together with all improvements thereon with amenities including but not limited to 250 casitas, an 18 hole golf course, tennis courts, natural hot springs, an aquatics center, an equestrian center, an airport, a spa, and two restaurants (“Improvements”). WSRA is a nonprofit mutual benefit corporation organized under the California Nonprofit Mutual Benefit Corporation Law in May, 1983 to provide for the management, maintenance, preservation, and control of the Property (as defined below). The ownership of the Land and Improvements is divided into precisely 2000 whole undivided tenancy-in-common fee interests, including a number of deeded half interests (collectively, the “UDIs”). WSRA holds recorded title to approximately 1021 whole UDIs (including any half interest UDIs) for the benefit of its members and the remaining UDIs are owned by its members as co-owners holding either half interest or full UDIs. WSRA is the sole owner and/or contracting party with regard to all permits, tradenames and trademarks, and intellectual property and other similar proprietary rights, and in certain leases and contracts, associated with the Land and Improvements, (collectively and together with the Land and Improvements, the “Property”). It is the intention of the Parties that all interests in the Property, together tangible and intangible assets as set forth herein, be transferred from WSRA and all of the co-owners to Buyer free and clear of any and all claims, recorded or otherwise, of the UDI owners and other encumbrances as provided for herein.

The Land and the interests of WSRA and its members in the Land are currently subject to that certain Declaration of Covenants, Conditions and Restrictions for Warner Springs Ranch dated November 30, 1983, recorded with the Office of the San Diego County Recorder on

2. Agreement of Purchase and Sale; Excluded Assets; Assumption of Liabilities; Excluded Liabilities.

a. Property. Seller (or only WSRA as the case may be) shall convey, and Buyer shall purchase and acquire any and all right, title and interest of Seller (or only WSRA as the case may be) in and to any and all of the Property, including but not limited to the following, in accordance with the terms, covenants and conditions set forth in this Agreement:

(i) All of Seller's right, title and interest in and to the Land, as more particularly described in the attached Exhibit "A" and incorporated into this Agreement for all purposes, as may be revised in and more particularly described in a Survey (as defined in Section 5.a. below) obtained by Buyer, together with all rights to surface or subsurface entry.

(ii) All of Seller's right, title and interest in and to the Improvements, affixed to the Land, including but not limited to all buildings, structures, fixtures and other improvements now or hereafter located on, over and under the Land, including, without limitation, the 250 casitas, an 18 hole golf course, service/gasoline station, waste water system, tennis courts, natural hot springs, an aquatics center, an equestrian center, an airport, a spa, two restaurants, all cart barns, maintenance facilities and storage areas and all irrigation and water control systems, utility lines and related fixtures and improvements, drainage facilities, landscaping, improvements, common areas, fencing, signs, cart paths, restrooms, drinking fountains, roadways, walkways and parking facilities.

(iii) All of Seller's rights, privileges, entitlements, easements and appurtenances pertaining to the Property, the Land and the Improvements, including any right, title and interest of Seller (but without warranty whether statutory, express or implied) in and to adjacent streets, alleys or rights-of-way and riparian and water rights, subject to the Permitted Encumbrances (as defined in Section 10 below).

(iv) All of Seller's right, title and interest in wind, sun, minerals, oil, gas, water rights and other hydrocarbons located in, on or under the Land, not already expressly reserved of record or by written contract to third parties.

(v) All of WSRA's right, title and interest in all fixtures, building materials, equipment, machinery, furnishings, furniture, inventory, supplies, telephone and computer equipment, office machines, and other items of tangible personal property located at the Property, on the Land or in the Improvements, including but not limited to the items as more particularly described in the attached Schedule 2a.(5) and incorporated into this Agreement (collectively, the "Personal Property"). The Personal Property is subject to depletion, replacement and addition in the ordinary course of business. The term "Personal Property" shall specifically exclude the Excluded Assets and Excluded Liabilities, as defined below.

(vi) All of WSRA's right, title and interest in leases and amendments thereto in effect on the Closing (as defined below) with respect to the Property, as elected to be assumed by the Buyer, as authorized by the Bankruptcy Court pursuant to the Sale Order, as defined below, all is set forth in Schedule 2a.(6), attached hereto and incorporated herein by referenced (collectively, the "Assumed Leases"); provided, Buyer acknowledges and agrees that

the responsibility to obtain any required consent to assignment of the Assumed Leases (if necessary beyond the authority of the Bankruptcy Court) is the sole responsibility of Buyer. The term "Assumed Leases" shall specifically exclude the Excluded Assets and the Excluded Liabilities.

(vii) All of WSRA's right, title and interest in those contracts and the rights and benefits of Seller thereunder relating to the Property, as elected to be assumed by the Buyer, as authorized by the Bankruptcy Court pursuant to the Sale Order, all as set forth on Schedule 2a.(7), attached hereto and incorporated herein (collectively, the "Assumed Contracts"); provided, Buyer acknowledges and agrees that the responsibility to obtain any required consent to assignment of the Assumed Contracts (if necessary beyond the authority of the Bankruptcy Court), is the sole responsibility of Buyer. The term "Assumed Contracts" shall specifically exclude the Excluded Assets and the Excluded Liabilities.

(viii) All of WSRA's right, title and interest in those certificates of occupancy, approvals, authorizations and orders obtained from any governmental authority and relating to the Property, including, without limitation, FAA permits/licenses and the liquor license(s), as authorized by the Bankruptcy Court pursuant to the Sale Order, all as set forth on Schedule 2a.(8), attached hereto and incorporated herein by reference (collectively, the "Permits"); provided, (i) Seller makes no representation or warranty as to whether or not such liquor license(s) and other licenses are assignable or transferrable, and Buyer acknowledges and agrees that Buyer must separately apply to the applicable governmental authorities for the issuance of such liquor licenses and other licenses; and (ii) Buyer acknowledges and agrees that the responsibility to obtain any required consent to the assignment of the Permits (if necessary, beyond the authority of the Bankruptcy Court) is the sole responsibility of Buyer. The term "Permits" shall specifically exclude the Excluded Assets and the Excluded Liabilities.

(ix) All of Seller's right, title and interest in the intangible personal property relating to the Property and the business of owning, operating, maintaining or managing the Property, as authorized by the Bankruptcy Court pursuant to the Sale Order, including, without limitations, goodwill and as set forth on Schedule 2a.(9), attached hereto and incorporated herein (collectively, the "Intangibles"); provided, Buyer acknowledges and agrees that the responsibility to obtain any required consent to assignment of the Intangibles (if necessary beyond the authority of the Bankruptcy Court), is the sole responsibility of Buyer. The term "Intangibles" shall specifically exclude the Excluded Assets and the Excluded Liabilities.

(x) All of Seller's right, title and interest in land use entitlements, development rights, sewer capacity, density allocation and other rights or approvals relating to or authorizing the ownership, development and/or operation of the Property, as authorized by the Bankruptcy Court pursuant to the Sale Order, including, without limitations, as set forth on Schedule 2a.(10), attached hereto and incorporated herein by reference (collectively, the "Entitlements"); provided, Buyer acknowledges and agrees that the responsibility to obtain any required consent to assignment of the Entitlements (if necessary beyond the authority of the Bankruptcy Court), is the sole responsibility of Buyer. The term "Entitlements" shall specifically exclude the Excluded Assets and the Excluded Liabilities.

(xi) All of WSRA's right, title and interest in tradenames, trademarks, service marks, and/or logos of and domain names relating to Property, whether or not registered, and all fictitious business names and other intellectual property registrations or filings with regard to the foregoing, as authorized by the Bankruptcy Court pursuant to the Sale Order, including, without limitations, as set forth on Schedule 2a.(11), attached hereto and incorporated herein by reference (collectively, the "Tradenames" and "Trademarks"); provided, Buyer acknowledges and agrees that the responsibility to obtain any required consent to the assignment of the Tradenames and Trademarks (if necessary, beyond the authority of the Bankruptcy Court), is the sole responsibility of Buyer. The term "Tradenames" and "Trademarks" shall specifically exclude the Excluded Property and the Excluded Liabilities.

(xii) All of WSRA's right, title and interest in intellectual property and other similar proprietary rights, whether registered or unregistered, relating to all WWW addresses, uniform resource locators and domain names and applications and registrations therefore, currently used by WSRA, as authorized by the Bankruptcy Court pursuant to the Sale Order, including, without limitations, as set forth on Schedule 2a.(12), attached hereto and incorporated herein by reference (collectively, the "IP"); provided Buyer acknowledges and agrees that the responsibility to obtain any required consent to the assignment of the IP (if necessary, beyond the authority of the Bankruptcy Court), is the sole responsibility of Buyer. The term "IP" shall specifically exclude the Excluded Property and the Excluded Liabilities

The term “Property” shall specifically exclude the Excluded Assets and the Excluded Liabilities. Furthermore, for the avoidance of doubt: (i) Seller shall sell, transfer, assign and convey to Buyer, and Buyer shall purchase and acquire from Seller, the Property pursuant to the terms and conditions of this Agreement, free and clear of any and all liens, liabilities, encumbrances, interests (including claims of a possessory interest to any portion of the Property) and obligations of whatsoever kind or nature, other than (a) the Assumed Liabilities, (b) the Permitted Encumbrances, (c) any applicable provisions of the Bankruptcy Code, including, but not limited to, 11 U.S.C. § 365(h); and (d) any ownership by Warner Resort Company (“WRC”) of “a one-sixth profit interest (as determined by standard accounting purposes) in any commercial geothermal development on the described real property” to the extent such interest is a valid, legal and cognizable interest. The sale of the Property is also expressly subject to the rights of Verizon Wireless (VAW) LLC a Delaware limited liability company, dba Verizon Wireless (“Verizon Wireless”), as lessee, provided in 11 U.S.C. § 365(h).

Notwithstanding the foregoing, pursuant to Section 3.b. below, Property shall not include such items of the Property that Seller determines not to sell for financial reasons, i.e. the “cure” amount under § 365 of the Bankruptcy Code is larger than Seller desires to pay.

b. Excluded Assets. Nothing herein contained shall be deemed to sell, transfer, assign or convey the Excluded Assets to Buyer, and Seller shall retain all right, title and interest to, in, and under the Excluded Assets. "Excluded Assets" shall mean all property, assets, and rights of the Seller not included in the Property, including but not limited to : Any and all of Seller's right, title or interest in, to, or under the following; (i) WSRA's original Books and Records; (ii) WSRA's Tax Records; (iii) records pertaining to WSRA's affairs; (iv) any and all records relating to the Excluded Property, inclusive of claims or litigation proceedings relating thereto; (v) any and all records subject to attorney-client privilege, attorney work product

(ii) All liabilities with respect to the Property, and the business of owning, operating, maintaining or managing the Property, arising prior to the Closing, except as otherwise set forth in Section 9.b. below with regard to the Burn Ash Site and Airport Dump Site ;

(iii) All real and business personal property taxes and assessments secured by statutory liens against the Property, prior to the Closing;

(iv) All liabilities related to unredeemed “gift” cards, merchandise cards, gift certificates, coupons, or the like, issued on or prior to the Closing;

(v) All liabilities not expressly assumed hereunder by Buyer; and

(vi) All obligations of Seller under this Agreement.

e. Further Conveyances and Assumptions.

(i) From time to time following the Closing, Seller and Buyer shall execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquaintances and such other instruments, and shall take such further actions, as may be reasonably necessary or appropriate to transfer fully to Buyer all of the Property and all of the Assumed Liabilities and to otherwise make effective the transactions contemplated by this Agreement. In the event that Buyer receives any Excluded Assets (or any payments or proceeds related thereto) following the Closing, Buyer shall promptly deliver such Excluded Assets (or any payments or proceeds related thereto) to Seller. In the event that the Seller retains any interest in any of the Property following the Closing, Seller shall promptly deliver such Property to Buyer;

(ii) It is intent of the Parties that under the Bankruptcy Code the Property be assigned and any Assumed Liability to be assumed without the requirement for consent of any other party; provided, however, to the extent that such not be the case and to the extent the assignment of the Property or the assumption of any Assumed Liability shall nevertheless require the consent or approval of any other party and such consent or approval shall not be obtained prior to the Closing (each, a “Nonassignable Item”), nothing in this Agreement nor consummation of the transactions contemplated hereby shall be construed as an attempt or an agreement to assign such Nonassignable Item unless and until such consent or approval shall have been obtained. Seller shall use its commercially reasonable efforts to cooperate with Buyer in endeavoring to obtain such consents and approvals promptly. To the extent permitted by applicable law, in the event the consents or approvals to the assignment thereof cannot be obtained prior to Closing, such Nonassignable Items shall be held, as of and from the Closing, by Seller for Buyer’s interest and the covenants and obligations thereunder shall be performed by Buyer in Seller’s name and all benefits and obligations existing thereunder shall be for Buyer’s account. Seller shall take or cause to be taken at Buyer’s expense such actions in its name or otherwise as Buyer may reasonably request so as to provide Buyer will the benefits of the Nonassignable Items and to the effect collection of money or other consideration that becomes due and payable under the Nonassignable Items, and Seller shall promptly pay over to Buyer all money and other consideration received by it in respect of

all Nonassignable Items. As of and from the Closing, Seller authorizes Buyer, to the extent permitted by applicable law and the terms of the Nonassignable Items, at Buyer's expense, to perform all obligations and receive all the benefits of Seller under the Nonassignable Items and appoints Buyer its attorney-in-fact to act in its name on its behalf with respect thereto.

3. Amount of Purchase Price.

The total purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be Eleven Million Seven Hundred Fifty Thousand and 00/100 Dollars (\$11,750,000.00). The Purchase Price shall be payable as follows:

Buyer has made a deposit into the Escrow, as defined below, the sum of Three Hundred Thousand and 00/100 Dollars (\$300,000.00) (the “Deposit”) pursuant to Section 4 below.

At least two (2) days prior to the Close of Escrow, Buyer shall deposit into the Escrow the sum of Eleven Million Four Hundred Fifty Thousand and 00/100 Dollars (\$11,450,000.00) in immediately available funds by wire transfer ("Balance of Purchase Price"), subject to adjustment of the Purchase Price as described herein below.

The Purchase Price is subject to adjustment as follows:

a. Delay in Close of Escrow. In the event it is reasonably anticipated by the Parties that there will be a delay in Closing beyond the scheduled Closing as set forth in Section 7.e., Buyer agrees to enter into a management agreement for Buyer to manage the Property for Seller (on reasonable terms to be negotiated, but including an inclusive management fee of not more than \$100,000 per month to be credited to the Purchase Price as set forth hereinbelow) beginning on the first day following the scheduled date for Closing. The management fee shall be inclusive of all expenses required to maintain and preserve the Property with the exception of insurance and taxes. Property maintenance expenses shall not include any expenses of WSRA or any UDI holder relating to administration of the Court Action, bookkeeping for WSRA or other governance or administrative requirements, including but not limited to legal fees. The management agreement shall include a mutual waiver of subrogation and Buyer shall agree to indemnify Seller for losses arising out of Buyer's negligence in the management of the Property. For each month the Closing is delayed beyond the scheduled Closing as set forth in Section 7.e., the management fee shall be credited to the account of Buyer as a reduction in the Purchase Price based on a daily proration up to a total reduction cap of no more than ten percent (10%) of the Purchase Price ("Delay Cap Amount"). In the event that the Close of Escrow has been delayed for a period of time such that the Delay Cap Amount has been attained, this Agreement shall automatically terminate unless otherwise agreed between Seller and Buyer. Notwithstanding any provision hereof to the contrary, Buyer shall have no right to delay the Closing against Seller's objection if all of the conditions to Closing provided for in Section 7.c. have been satisfied or waived.

b. Failure to Assign Liquor Licenses. In the event that for financial reasons, Seller elects not to sell and assign the liquor licenses to Buyer, the Purchase Price shall be reduced by \$35,000.

c. Further Reduction of Purchase Price. The Parties may further reduce the Purchase Price as mutually agreed up to an additional total of \$500,000 and the Parties have now agreed that the amount of such further reduction in the Purchase Price shall be zero (\$0.00).

Buyer shall be entitled in its discretion to allocate the Purchase Price for the Property, providing that a reasonable portion of the Purchase Price shall be allocated for the non-Land and Improvements portion of the Property owed by WSRA, as set forth in Exhibit "O" attached hereto and incorporated herein.

4. Deposit. Buyer has delivered the Deposit (i.e., \$300,000.00) to Chicago Title, Attn: Della DuCharme, Escrow Officer, 701 B Street, San Diego, CA 92101, email: della.ducharme@ctt.com, Escrow No. 930018300-U42 (“Escrow Holder”). The Deposit shall be deemed fully earned and non-refundable to Buyer (except as expressly provided in this Agreement; provided that, in accordance with the doctrine of Steiner v. Thexton, Seller shall retain \$100, said amount to be deemed earned upon receipt) upon the Opening of Escrow (as defined in Section 7.a. below).

The Deposit shall be applied to the Purchase Price if Escrow closes pursuant to the terms of this Agreement. If the Escrow fails to close as a result of Buyer's default, subject to the conditions of this Agreement, then the Deposit shall be released to and retained by Seller as provided in Section 17 below, without further order of the Bankruptcy Court. If the Escrow should otherwise fail to close, as a result of Seller's default subject to the provisions of Section 17 below, as a result of failure of a condition precedent for the benefit of Buyer, or if the sale to Buyer should otherwise fail to close as otherwise provided in this Agreement, then the Deposit shall be returned to Buyer within five (5) business days of such event.

5. Due Diligence.

a. For a period of time ending at 5:00 p.m. Pacific Time on February 28, 2013, or as otherwise set by the Bankruptcy Court, (the “Due Diligence Period”), Buyer has had the right to enter upon the Property with Buyer’s representatives and agents for the purpose of testing, examining and investigating the physical condition of the Property, provided that there is no interference with the operation of the Property and the rights of Property tenants, guests, and employees. Buyer’s representatives and agents shall have had the right during the Due Diligence Period to conduct soils, hydrology, architectural, engineering, environmental, and all other testing, examinations and investigations it deems necessary to determine the feasibility of the Property for Buyer’s purposes (collectively, the “Inspection”). Buyer is causing a survey of the Land to be done during the Due Diligence Period at Buyer’s expense (“Survey”). WSRA shall make available to Buyer all information that WSRA itself has concerning the Property including but not limited to reports, surveys, and investigations (collectively “Property Information”). Notwithstanding the foregoing, no testing or investigation involving physical disturbance of any portion of the Property shall have been conducted by Buyer or its agents unless and until Buyer shall have obtained Seller’s prior written consent thereto, such consent to be granted or withheld in Seller’s reasonable discretion. In applying for such consent, Buyer shall have provided Seller with reasonable assurances that any damage caused to the Property by such testing or investigation will be immediately repaired and remediated at no cost to Seller. The provision of such assurances shall not, however, in any way affect Buyer’s obligations under this Section 5.

b. Buyer has given written notice to Seller and Escrow Agent of its election to waive its right to cancel this Agreement (the "Feasibility Waiver Notice").

c. To the extent that Buyer shall have desired to perform any invasive inspections or tests, including any taking of soil or material samples from any part of the Property, Buyer shall have notified Seller in writing as to the specific location and time of such proposed testing or sampling, and the same shall be subject to: (i) Seller's prior written approval, to be withheld or conditioned in Seller's reasonable discretion, (ii) Seller's receipt of written evidence that Buyer has procured the insurance required pursuant to this Section 5 and (iii) the requirement that Buyer dispose of all such test samples in accordance with applicable law and at no cost or liability to Seller. Nothing herein shall have authorized any subsurface testing or drilling on the Property by Buyer or its environmental consultant unless specifically approved in writing by Seller, which Seller may reasonably condition or deny. Seller acknowledges that it has previously granted such permission to Buyer to conduct certain soil sample drillings, acknowledges that Buyer has properly respected the Property during such samplings and the condition is acceptable to Seller as set forth herein; and further acknowledges that Buyer may request further access for additional study prior to Closing, consistent herewith. Notwithstanding the foregoing, such further access shall not entitle Buyer to object to the condition of the Property under this Section 5. Prior to any entry upon the Property pursuant to this Section 5 by Buyer or any of its employees, contractors, vendors, consultants, or agents, and prior to any meeting with any governmental officials or departments having jurisdiction over the Property, and subject to Seller's reasonable agreement as to the time, place, and manner of Buyer's entry upon any portion of the Property, Buyer shall have provided Seller with at least twenty-four (24) hours' advance written notice, and Seller shall have the right to be present (or to cause an employee, agent, contractor, or consultant of Seller to be present) for such entry, inspection and/or meeting, as applicable. Buyer shall have obtained or caused its consultants to obtain (and provide evidence to Seller), at Buyer's sole cost and expense, prior to commencement of any investigative activities on the Property, a policy of commercial general liability insurance covering any and all liability of Buyer and Seller with respect to or arising out of any investigative activities. Such policy of insurance shall name Seller as an additional insured and shall be kept and maintained in force during the term of this Agreement and so long thereafter as necessary to cover any claims of damages suffered by persons or property resulting from any acts or omissions of Buyer, Buyer's employees, agents, contractors, suppliers, consultants or other related parties. Such policy of insurance shall have liability limits of not less than One Million Dollars (\$1,000,000.00) combined single limit per occurrence for bodily injury, personal injury and property damage liability.

d. In the event that there is a successful overbidder other than Buyer and Buyer is entitled to the Break Up Fee as described in Section 6.c. below, in exchange for receipt of such Break Up Fee, Buyer shall provide to Seller, at no cost or expense to Seller, a true and complete copy of all tests, title reports pertaining to the Preliminary Title Report and other reports, studies, the Survey, and the like generated by Buyer's contractors, subcontractors, agents, vendors, and consultants in connection with Buyer's inspection of the Property and a copy of all tests, reports, analysis and the like obtained and/or prepared pursuant to the provisions of this Section 5, provided however that no attorney/client privileged information or reports of Buyer need be provided unless Buyer determines otherwise in its sole discretion and provided that Buyer shall be deemed to make no representation as to and shall bear no

responsibility for the accuracy or completeness of materials provided by Buyer to Seller pursuant hereto. Buyer shall keep all documents and information received from Seller and/or their agents and the results of all of Seller's inspections, studies, investigations, analysis, reports and the like confidential except as may need to be reasonably disclosed to Buyer's attorneys, accountants, consultants, investors, and lenders and as required by law. Buyer hereby consents and agrees, upon written demand from Seller, to indemnify, defend, by counsel of Seller's choosing, and hold the Property, Seller and their respective officers, members, partners, directors, shareholders, participants, affiliates, employers, representatives, invitees, agents and contractors free and harmless from and against any and all claims, costs, including, without limitation, attorneys' fees and legal costs, losses, liabilities, damages, liquidated or unliquidated, and expenses arising out of or resulting from such entry by Buyer, its agents, consultants, contractors, subcontractors and employees, whether or not the same have been adjudicated or determined by a court or by another legal procedure, except with regard to the results of environmental inspections. Additionally, Buyer shall immediately, at its sole cost and expense, repair any and all damage arising out of or resulting from any such entry upon the Property and any acts or omissions by Buyer, its agents, employees, consultants, contractors, subcontractors, and shall immediately, at its sole cost and expense, restore the Property to substantially the condition that existed immediately prior to such entry by Buyer, its agents, employees, consultants, contractors and subcontractors. Furthermore, Buyer hereby agrees not to contact any governmental agencies with respect to the Property without Seller's prior written consent, which consent shall not be unreasonably withheld.. Buyer shall keep the Property free and clear of any mechanics' liens or materialmen's liens related to Buyer's inspection and the other activities contemplated in this Section 5. All of Buyer's obligations set forth in this Section 5 shall survive the Close of Escrow and shall not be merged with the Deed, and shall survive the termination of this Agreement and Escrow prior to the Close of Escrow, and shall not be limited by any provision of this Agreement.

e. From and after the date of this Agreement until the Close of Escrow, Seller shall repair and maintain the Property in essentially its current condition and as necessary for its continued operations on and in the Property, provided, however, that Seller shall have no duty or obligation to make substantial repair and maintain (including by way of example any repair maintenance to the water tank bladder) or to improve the Property; and further provided, however, in the event Buyer should desire that certain repairs, maintenance or improvements be made on or in the Property prior to the Close of Escrow, Buyer may request that WSRA undertake or cause to be undertaken the same in which event WSRA shall reasonably consider undertaking or causing to be undertaken the same. Any such repairs, maintenance, or improvements required by Buyer and agreed to by Seller shall be at Buyer's sole cost and expense and shall be promptly paid by Buyer or promptly reimbursed to Seller upon Buyer's receipt of invoice for payment irrespective of whether Buyer purchases the Property. In the event any such invoices have not been paid in full at the time Escrow is scheduled to close on sale of the Property to Buyer, Escrow shall not close until Buyer has fully paid the same.

6. Bankruptcy Court Approval, Sale Hearing, Overbid Procedure, Transfer of Liquor License(s), and Right of First Refusal by Co-Owners.

a. This Agreement, and the sale of the Property, are subject to a final judgment in the Adversary Proceeding (meaning no appeal has been filed and is pending or a

(ii) that Buyer is a good faith purchaser for value, with the sale terms being fair and reasonable and that Buyer paid reasonably equivalent value for the Property, pursuant to Bankruptcy Code § 363 (m);

(iii) that the Sale Order is effectuated immediately;

(iv) that the Bankruptcy Court retain jurisdiction .

Seller shall use good faith efforts to obtain approval of the Bankruptcy Court Order including but not limited to obtaining Section c. (ii) above.

d. Overbid Procedure: This Agreement is subject to overbid. In addition to the approval of this Agreement in the Bankruptcy Court Order, the Bankruptcy Court Order shall also include approval of overbid procedures in a form reasonably satisfactory to Buyer and Seller as set forth in a proposed form of Bankruptcy Court Order to be timely submitted to the Bankruptcy Court, which shall include but not be limited to the following (unless otherwise agreed to Buyer):

(i) There shall be an initial auction (“Auction”) followed promptly by a co-owner auction (Co-Owner Auction”), if any, as more fully described in the Bid Procedures attached to the Bankruptcy Court Order, with the following applying to both the Auction and the Co-Owner Auction except as otherwise set forth in the Bid Procedures.

(ii) All potential overbidders shall be pre-qualified (as defined in the bid procedures) and shall be required, prior to being permitted to bid, to (a) demonstrate to the reasonable satisfaction of Seller (based upon financial statements or other appropriate evidence of the overbidder’s financial condition and ability that they are financially qualified and able to perform all the obligations arising under this Agreement including but not limited to those set forth in the Bankruptcy Court Order and (b) provide Escrow Holder with a non-refundable deposit in the sum of Three Hundred Thousand and 00/100 Dollars (\$300,000.00) (the “Overbidder Deposit”) to be deposited by February 28, 2013, or as otherwise set by the Bankruptcy Court as set forth in the bidding procedures of the Bankruptcy Court Order. In the event one of the overbidders is the successful overbidder at the Sale Hearing, the non-refundable Overbidder Deposit of such successful overbidder shall be held by Escrow Holder, with Escrow Holder returning within five (5) days of the Sale Hearing to Buyer the non-refundable Deposit (if Buyer is not the successful overbidder) and to all other overbidders their Overbidder Deposit, except if Buyer or an overbidder is the back-up bidder as described below in which case the Escrow Holder shall continue to hold the Deposit if Buyer is the back-up bidder or the Overbidder Deposit if an overbidder is the back-up bidder. On or before February 28, 2013, or as otherwise set by the Bankruptcy Court, all potential overbidders shall be required to execute an agreement for the purchase and sale of the Property on substantially the same terms and conditions as the Buyer or on more favorable terms and conditions to the Seller, provided that such agreement of an overbidder shall not be effective until such overbidder is declared either the successful bidder or the back-up bidder.

(iii) At the Auction, the initial minimum cash or certified funds overbid increment shall be \$200,000.00 over the Purchase Price. Each subsequent overbid thereafter

7. Escrow Instructions.

a. Opening of Escrow. Upon execution of this Agreement, Seller and Buyer shall promptly open escrow (“Escrow”) with Escrow Holder in order to consummate the sale of the Property pursuant this Agreement (“Opening of Escrow”). This Agreement shall constitute joint primary escrow instructions to Escrow Holder; provided, however, that the parties shall execute such additional instructions as requested by the Escrow Holder that are not inconsistent with the provisions hereof. The date on which Escrow Holder has received the Deposit shall constitute the “Opening of Escrow.” An original of this Agreement executed by both Seller and Buyer (which execution may be effected in multiple counterparts) shall be delivered to the Escrow Holder promptly upon execution and filing with the Bankruptcy Court. Escrow Holder shall deliver written confirmation of the date of the Opening of Escrow to the parties in the manner set forth in Section 19 of this Agreement immediately upon receipt of this Agreement.

b. Documents and Funds Delivered to or by Escrow. The following shall be delivered into the Escrow or by Escrow Holder in connection with the transfer of the Property:

(i) Delivery by Seller into Escrow. Prior to the Closing (as defined in Section 7.e. below) but not, in any event, until after Buyer has performed its obligations under Sections 7.b.(ii) and (iii) below, Seller shall deposit into Escrow:

(a) a notarized quitclaim deed (“Quitclaim Deed”) to the Property, subject only to the matters expressly provided therein and the Permitted Encumbrances, in recordable form duly executed by WSRA or as otherwise designated by the Bankruptcy Court, and acknowledged and in substantially the same form as set forth in the attached Exhibit “C”;

(b) one (1) original of a notarized Bill of Sale, for sale and transfer of Personal Property, duly executed by WSRA, in substantially the same form as set forth in the attached Exhibit “D”;

(c) two (2) originals of a notarized assignment and assumption of Leases (“Assignment and Assumption of Leases”), duly executed by WSRA in substantially the same form as set forth in the attached Exhibit “E”;

(d) intentionally omitted;

(e) two (2) originals of a notarized assignment and assumption of Permits (“Assignment and Assumption of Permits”), duly executed by WSRA in substantially the same form as set forth in the attached Exhibit “G”;

(f) two (2) originals of a notarized assignment of Intangibles (“Assignment of Intangibles”), duly executed by Seller in substantially the same form as set forth in the attached Exhibit “H”;

(g) two (2) originals of a notarized assignment of Entitlements (“Assignment of Entitlements”), duly executed by Seller in substantially the same form as set forth in the attached Exhibit “I”;

(h) two (2) originals of a notarized assignment of tradenames and trademarks (“Assignment of Tradenames and Trademarks”), duly executed by WSRA in substantially the same form as set forth in the attached Exhibit “J”;

(i) two (2) originals of a notarized assignment of IP (“Assignment of IP”), duly executed by WSRA in substantially the same form as set forth in the attached Exhibit “K”

(j) one (1) original of a notarized affidavit from Seller which satisfies the requirements of Section 1445 of the Internal Revenue Code, as amended (“Section 1445 Affidavit”) in substantially the same form as set forth in the attached Exhibit “L”;

(k) one (1) original of a notarized California Withholding Exemption Certificate, Form 593-C, or in the event that the Seller is a non-California resident, a certificate issued by the California Franchise Tax Board, pursuant to Revenue and Taxation Code Sections 18662 and 18668, stating either the amount of withholding required from Seller's proceeds or that Seller is exempt from such withholding requirement ("Certificate") in substantially the same form as set forth in attached Exhibit "M";

(1) Seller's closing statement, duly executed by Seller;

(m) All keys, combinations to locks an/or other codes, passwords or instructions for other security devices relating to the Property;

(n) Such additional documents, instructions or other items as may be reasonably necessary or appropriate to comply with the provisions of this Agreement, the Bankruptcy Court Order and the Sale Order to effect the transactions contemplated hereby and thereby.

(o) provided, however, that Seller may withdraw all of the items delivered pursuant to Subsections (a) through (n) hereinabove from the Escrow following such delivery by unilateral written notice to Escrow Holder in the event that Escrow Holder has not confirmed its receipt of the balance of the Purchase Price from Buyer on or prior to 10:00 a.m. (Pacific time) on the date that is two (2) business days prior to the Closing (“Pre-Closing”). Seller shall deposit such other instruments and documents as may be reasonably requested by Escrow Holder relating to Buyer, to the Property and/or as otherwise required to transfer the Property to Buyer, provided that such other instruments or documents are consistent with the other terms of this Agreement.

(ii) Delivery of Documents by Buyer. Prior to 10:00 a.m. (Pacific time) on the Pre-Closing Buyer shall deposit into Escrow an executed counterpart of the Assignments described in Sections 7.b.(b) through (i) above, and such other instruments and documents as may be reasonably requested by Escrow Holder relating to the Property and/or as otherwise required to transfer the Property to Buyer. Buyer's failure to deliver such documents into the Escrow prior to 10:00 a.m. (Pacific time) on the Pre-Closing shall constitute a material default hereunder.

(iii) Delivery of Closing Costs. Prior to 10:00 a.m. (Pacific time) on the Pre-Closing Buyer shall deposit into the Escrow by wire transfer an amount which, when added to the Deposit, shall equal the sum of any all sums necessary to pay the balance of the Purchase Price and expenses and prorations payable by Buyer pursuant to this Agreement. Buyer's failure to deliver such funds into the Escrow prior to 10:00 a.m. (Pacific time) on the Pre-Closing shall constitute a material default hereunder provided that Buyer is not otherwise excused from doing so as elsewhere provided in this Agreement.

(iv) Delivery by Escrow. As soon as reasonable after the Opening of Escrow (as defined in Section 7.a. above), Escrow Holder shall deliver to Buyer and Seller a pro forma closing statement which sets forth, in a manner satisfactory to Buyer and Seller, the prorations and other credits and debits contemplated by this Agreement.

c. Conditions to Close. Escrow shall not close unless and until the following conditions precedent and contingencies have been satisfied or waived in writing by the party for whom the applicable condition benefits:

(i) All funds and instruments described in this Section 7 have been delivered to Escrow Holder.

(ii) All representations and warranties made by Seller in Section 12 below and Buyer in Section 13 below shall be true and correct in all material respects as of the Closing.

(iii) The parties shall have performed, observed and complied with all of the respective covenants, agreements and conditions required by this Agreement to be performed, observed and/or complied with by such party prior to, or as of, the Closing.

(iv) Entry of final judgment in the Adversary Proceeding on or prior to the entry of the Sale Order.

(v) Entry of a final Bankruptcy Court Order (meaning no appeal has been filed and is pending or a motion to reconsider the order has been filed and is pending or the order has not otherwise been stayed or enjoined at the time of the Sale Order is entered).

(vi) Entry of a final Sale Order (meaning either (i) the Sale Order provides that the sale of the Property shall be pursuant to Bankruptcy Code § 363 (m) or (ii) if the Sale Order does not so provide that no appeal has been filed and is pending or a motion to reconsider the order has been filed and is pending or the order has not otherwise been stayed or enjoined at the time of the Sale Order is entered).

(vii) A withdrawal of the WSE proof of claim (referred to in Section 6.f. above) shall have been filed with the court or delivered to Escrow with instructions for filing concurrent with the Closing, or within five (5) business days thereafter.

(viii) There shall have been no material damage, destruction or loss to any of the Property prior to Closing and no material Title Exception (as defined in Section 10.b. below) shall have first appeared of record after January 12, 2012 and not thereafter removed or

satisfied by Seller prior to the Closing. Notwithstanding the foregoing, Seller shall not be required to remove or satisfy any such Title Exception if Buyer objects to its inclusion as a Permitted Encumbrance. Notice of Buyer's objection to any such Title Exception shall be given as provided for in Section 10.c. below to the extent such Title Exception is identified on a Preliminary Title Report issued prior to April 15, 2013 (or such later date as the Parties may agree) or, as to Title Exceptions not identified in a Preliminary Title Report issued in accordance with Section 10 on or before April 15, 2013 (or such later date), notice of Buyer's objection shall be given promptly upon the discovery thereof prior to the time all other conditions to Closing have been satisfied or waived, whether identified on a later issued Preliminary Title Report or otherwise. Seller shall thereafter give prompt notice of its intention to remove or satisfy any such Title Exception and failure of Seller to provide such notice within two (2) business days shall be deemed to be notice of Seller's inability or unwillingness to remove or satisfy such Title Exception. If Seller is unable or unwilling to remove or satisfy such Title Exception, Buyer shall, within two (2) business days following notice of Seller's unwillingness or inability to remove the Title Exception, provide written notice to Buyer and Escrow Holder either (i) that the Title Exception shall be included as a Permitted Encumbrance or (ii) that Buyer elects to terminate this Agreement as provided for in Section 10.c. below.

If the Close of Escrow shall have occurred, any condition not otherwise satisfied or waived as of the Close of Escrow shall be deemed fully satisfied or waived by the party for whose benefit the condition had been included.

d. Recordation and Transfer. Upon satisfaction of the conditions set forth in Section 7.c. above, Escrow Holder shall transfer the Property ("Close of Escrow") as follows:

(i) Cause the Sale Order and the Quitclaim Deed to be recorded in the Official Records of San Diego County, California;

(ii) Deliver to Buyer at least one fully executed original of the Section 1445 Affidavit and the Assignments of Personal Property, of IP, of Intangible Property, of Entitlements, of Tradenames and Trademarks, Assignments and Assumptions of Assumed Leases, of Assumed Contracts, of Permits, and the Certificate;

(iii) Deliver to Seller at least one fully executed original of the Assignments of Personal Property, of IP, of Intangible Property, of Entitlements, of Tradenames and Trademarks, Assignments and Assumptions of Assumed Leases, of Assumed Contracts, of Permits and copies of the Section 1445 Affidavit and the Certificate;

(iv) Deliver to the parties entitled thereto any other closing documents, including, without limitation, the final closing statement for the Escrow ("Final Statement"), which shall contain no material differences from the pro forma closing statement previously delivered to, and approved by, each party; and

(v) Disburse all funds deposited with Escrow Holder by Buyer in payment of the Purchase Price for the Property as follows:

(a) except as set forth in Section 9.b. below, deliver to a liquidating trust or as otherwise directed by WSRA the Purchase Price pursuant to instructions to

CLAIMS THAT IT MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST SELLER, ARISING FROM OR RELATED TO THE CONDITION OF THE PROPERTY. BUYER SPECIFICALLY WAIVES THE PROVISION OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS AS IT RELATES TO THE PROPERTY:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OF HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

 D Buyer's Initials

b. Burn Ash Site and the Airport Dump Site: In connection with the Burn Ash Site and the Airport Dump Site, as more particularly described on Exhibit "N" attached hereto and incorporated herein, from Close of Escrow Buyer shall be solely responsible for and pay for any and all costs related to or concerning the remediation costs of the Burn Ash Site and Airport Dump Site, provided however that Seller shall pay Buyer the sum of \$250,000 toward such remediation costs by way of a credit to Buyer against the Purchase Price. Until completion of the remediation, WSRA, on behalf of Seller, and Buyer shall mutually cooperate as to such remediation and its costs, including but not limited to (i) selection of and contracting with persons and/or entities to undertake such remediation with approval by Buyer and WSRA of such selection and contracting to not unreasonably be withheld and (ii) communications with governmental authorities.

Buyer shall fully defend, indemnify and hold harmless Seller, including WSRA and all co-owners), and their managers, trustees, directors, officers, employees, representatives, insurers, attorneys, agents, successors and assigns, (collectively "Indemnitees") from and against any and all loss, liability, obligation, damage, penalty, judgment, claim, deficiency, and expense (including interest, penalties, attorneys' fees, and amounts paid in settlement) to which Indemnitees may become subject arising out of or relating to such Burn Ash Site and Airport Dump Site waste and dumping, and the remediation of the same, including but not limited to the Notice and Order (Compliance Order) No. 10-01, dated February 19, 2010, issued by the County of San Diego solid Waste Local Enforcement Agency.

10. Title.

a. Buyer shall have the right, at its sole cost and expense, to procure a proforma policy of title insurance for the Property ("Preliminary Title Report") issued by a title company of Buyer's choice ("Title Company") and copies of all of the documents referenced therein and/or listed as exceptions to title coverage. Buyer's inability or failure to obtain a Preliminary Title Report shall not relieve Buyer of its obligations under this Section 10. Buyer may also obtain at its sole cost and expense a new or supplemental survey of the Property. Buyer shall be solely responsible for any expense of such Preliminary Title Report and any policy of title insurance to be obtained by Buyer.

b. The term “Permitted Encumbrances” as used in this Agreement means the easements, rights-of-way, encroachments, conflicts, discrepancies, overlapping of improvements, protrusions, encumbrances, restrictions, conditions, covenants and/or other matters (“Title Exceptions”), other than monetary liens, claims and encumbrances and the CC&Rs which shall be removed by the Close of Escrow in accordance with the Sale Order and which monetary liens, monetary claims and monetary encumbrances shall attach to the proceeds of the sale in accordance with the Sale Order. Subject to Section 10.c. and the provisions of Section 7.c.(viii), Buyer shall accept title to the Land and Improvements subject to all Permitted Encumbrances.

c. Buyer shall have until April 22, 2013 (or such later date as the Parties may agree) to object in writing to Seller with regard to any Title Exception listed on the Preliminary Title Report or otherwise identified by Buyer through its investigation of title (other than monetary liens, monetary claims and monetary encumbrances and CC&Rs which shall be removed by the Close of Escrow pursuant to the Sale Order) that is not reflected on the Stewart Report or that is substantially and materially different from the corresponding Title Exception in the Stewart Report, whereupon Seller shall have five (5) business days from receipt of such written objection to either agree in writing to have such Title Exception removed as a Permitted Encumbrance prior to or on the Close of Escrow or to elect to terminate this Agreement (unless Buyer should instead elect to waive such objection and accept such previously objected Title Exception) in which event any deposits paid by Buyer into Escrow shall be returned to Buyer and this Agreement shall be null and void. Unless waived in writing by Buyer prior to the Close of Escrow, Buyer shall be entitled to terminate this Agreement (and receive return of any deposits paid by Buyer into Escrow) if Seller fails to remove any such objectionable Title Exception prior to or on Close of Escrow which Seller has previously agreed to remove. Furthermore, the legal description in Exhibit "A" will be adjusted as necessary based on the results of Buyer's Survey as Buyer may specify. No express or implied warranty of Seller concerning title to the Property is given. Buyer acknowledges and agrees that it shall have no remedy, for damages or otherwise, against Seller for any claim arising by reason of any defect in title to the Land and Improvements and all such risk of loss shall be borne by Buyer.

d. Seller shall have no obligation to request, order, pay for or deliver any policy of title insurance with respect to the sale of the Land and Improvements (a "Title Policy") and makes no representation or warranty that a Title Policy is obtainable. Buyer acknowledges that a Title Policy might not be obtainable and hereby releases and holds Seller harmless from any claim, obligation or liability arising by reason of Buyer's failure to obtain a Title Policy. Buyer agrees and acknowledges that provided all conditions to Closing provided for in Section 7.c. above have been satisfied or waived, the Closing shall occur as provided for in Section 7.d. whether or not Buyer has obtained a Title Policy. Notwithstanding any other provision herein to the contrary, Seller and Buyer will cooperate one with another to produce and provide documents and otherwise respond to reasonable requests for documentation, as appropriate, as may reasonably requested of Seller or Buyer by the Title Company from which the Title Policy is being sought, as same may relate to issuance of the Title Policy.

11. Covenants of Buyer and WSRA.

a. Buyer covenants and agrees that prior to the Closing, Buyer shall not (i) interfere with the operation of the Property by Seller in any way, (ii) enter into any contract,

REPRESENTATION AND/OR WARRANTY OF WSRA, NEITHER WSRA NOR SELLER MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE PROPERTY AND THAT THE PROPERTY IS BEING PURCHASED BY BUYER ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS AND WITHOUT RECOURSE" BASIS.

13. Representations of Buyer.

a. Each entity comprising Buyer represents to Seller, as if such entity alone was "Buyer," that:

(i) Buyer is duly organized and legally existing as a limited liability company under the laws of the State of California, the execution and delivery by Buyer of, and Buyer's performance under, this Agreement, are within Buyer's powers and Buyer has the authority to execute and deliver this Agreement.

(ii) This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable in accordance with its terms, subject to laws applicable generally to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting or limiting the rights of contracting parties generally.

(iii) Buyer (a) is not in receivership or dissolution, (b) has not made any assignment for the benefit of creditors, (c) has not admitted in writing its inability to pay its debts as they mature, (d) has not been adjudicated a bankrupt, and (e) has not filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law, or any other similar law or statute of the United States or any state, and does not have any such petition filed against Buyer.

(iv) If Seller is aware or reasonably believes that any of the representations contained in this Section 13.a. are not materially true and correct as of the date hereof or at Closing, Seller may, at its option, (i) waive such misrepresentations and close this transaction, or (ii) terminate this Agreement effective two (2) business days after delivery of written notice thereof to Buyer and to Escrow Holder. Upon the effective date of termination, the Deposit shall be released to Seller and the parties shall have no further right or obligation hereunder except as specifically provided herein. Seller hereby acknowledges and agrees that, upon the Close of Escrow, any claim of Seller that any representation of Buyer herein is not true and correct shall be automatically waived by Seller, provided that the information or basis from which any such claim arises is known to Seller on or prior to the Closing.

b. The representations of Buyer herein shall survive the Close of Escrow for a period of six (6) months. Any claim of Seller based on an alleged breach or failure of any of Buyer's representations of which Seller had no knowledge as of the Closing shall be made within nine (9) months following the Closing or shall automatically be null, void and of no force or effect whatsoever. For purposes hereof, a claim shall be deemed "made" only upon an official filing of an action with respect to such claim with the Bankruptcy Court.

14. Condemnation. [Intentionally omitted.]

15. Risk of Loss. All risk of loss of any kind concerning the Property (whether due to adverse physical change, adverse economic change or any other adverse change in the Property) shall be borne exclusively by Buyer from and after the Closing.

16. Prorations and Costs Upon Closing.

a. All real estate taxes and assessments levied against the Property shall be prorated between Buyer and Seller as of the Closing. If the amount of any such taxes is not ascertainable on the Closing, then the proration for such taxes shall be based on the most recent available tax bill. Notwithstanding the foregoing, however, Buyer shall pay any and all taxes resulting from any supplemental assessments or reassessments following the Closing and resulting from the purchase of the Property by Buyer or any improvements to the Property following the Closing.

b. Any and all insurance coverage and public utility service contracts maintained by Seller for the Property shall be terminated as of the Closing and there shall be no proration of insurance premiums or public utility bills; provided, however, that Seller shall pay any amounts due and payable for any utility services provided prior to the Closing.

c. Any and all escrow fees charged by Escrow Holder shall be shared and paid equally by Buyer and Seller. Seller shall pay the fee for recording the Quitclaim Deed and the documentary transfer tax. Buyer shall pay the fee for recording the Sale Order and all costs for any policy of title insurance.

d. Except as otherwise set forth in the Agreement, Seller shall pay any "cure" amount under § 365 of the Bankruptcy Code and sales and use taxes in connection with the transfer of the Property.

17. Remedies.

a. DEFAULT BY SELLER. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN THE EVENT THAT SELLER SHALL DEFAULT AND FAIL TO CONSUMMATE THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT FOR ANY REASON OR DUE TO FAILURE OF CONDITION PRECEDENT IN FAVOR OF BUYER AND ESCROW FAILS TO CLOSE, EXCEPT IN THE EVENT OF BUYER'S DEFAULT PURSUANT TO THE EXPRESS PROVISIONS OF THIS AGREEMENT OR DUE TO FAILURE OF CONDITION PRECEDENT IN FAVOR OF SELLER, BUYER, AS ITS SOLE AND EXCLUSIVE REMEDY, MAY ELECT TO: (i) PURSUE THE EQUITABLE REMEDY OF SPECIFIC PERFORMANCE TO REQUIRE CONVEYANCE OF THE PROPERTY TO BUYER; OR (ii) TERMINATE THIS AGREEMENT AND THE ESCROW BY GIVING SELLER WRITTEN NOTICE DESCRIBING SELLER'S DEFAULT AND SETTING FORTH BUYER'S ELECTION TO IMMEDIATELY TERMINATE THIS AGREEMENT AND ESCROW AND RECEIVE A REFUND OF THE DEPOSIT. SELLER SHALL NOT BE LIABLE TO BUYER FOR ANY ACTUAL, PUNITIVE, SPECULATIVE OR CONSEQUENTIAL DAMAGES. IN NO EVENT SHALL BUYER BE ENTITLED TO RECORD A LIS PENDENS AGAINST THE

PROPERTY FOR ANY REASON WHATSOEVER. AS A MATERIAL PART OF THE CONSIDERATION UNDER THIS AGREEMENT AND FOR THE LIQUIDATED DAMAGES PROVISION SET FORTH IN THIS SECTION 17, EXCEPT FOR THE RIGHT OF BUYER TO BRING AN ACTION FOR SPECIFIC PERFORMANCE AS DESCRIBED ABOVE, BUYER HEREBY WAIVES AND RELINQUISHES ALL RIGHTS OF BUYER TO (i) BRING AN ACTION AGAINST SELLER TO QUIET TITLE TO THE PROPERTY, OR (ii) RECORD A LIS PENDENS AGAINST THE PROPERTY UNDER SECTIONS 405 ET SEQ. OF THE CALIFORNIA CODE OF CIVIL PROCEDURE, OR ANY OTHER PROVISION OF APPLICABLE LAW.

b. DEFAULT BY BUYER. IN THE EVENT THAT BUYER SHOULD FAIL TO CONSUMMATE THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT FOR ANY REASON OR DUE TO FAILURE OF CONDITION PRECEDENT IN FAVOR OF SELLER AND ESCROW FAILS TO CLOSE, EXCEPT IN THE EVENT OF SELLER'S MATERIAL DEFAULT HEREUNDER OR PURSUANT TO THE EXPRESS PROVISIONS OF THIS AGREEMENT OR DUE TO FAILURE OF CONDITION PRECEDENT IN FAVOR OF BUYER, THEN SELLER MAY, AS ITS SOLE AND EXCLUSIVE REMEDY, TERMINATE THIS AGREEMENT BY NOTIFYING BUYER THEREOF AND RECEIVE THE DEPOSIT. THE PARTIES AGREE THAT SELLER WILL SUFFER DAMAGES IN THE EVENT OF BUYER'S DEFAULT ON ITS OBLIGATIONS. ALTHOUGH THE AMOUNT OF SUCH DAMAGES IS DIFFICULT OR IMPOSSIBLE TO DETERMINE, THE PARTIES AGREE THAT THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF SELLER'S LOSS IN THE EVENT OF BUYER'S DEFAULT. THUS, SELLER SHALL ACCEPT AND RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES BUT NOT AS A PENALTY. SUCH LIQUIDATED DAMAGES SHALL CONSTITUTE SELLER'S SOLE AND EXCLUSIVE REMEDY. BUYER ACKNOWLEDGES AND AGREES THAT NO TECHNICAL OR NON-MATERIAL DEFAULT BY SELLER UNDER THIS AGREEMENT SHALL IN ANY WAY AFFECT ANY RIGHTS OR REMEDIES OF SELLER AGAINST BUYER UNDER THIS SECTION 17. IN THE EVENT THAT SELLER IS ENTITLED TO THE INITIAL DEPOSIT AS LIQUIDATED DAMAGES AND TO THE EXTENT SELLER HAS NOT ALREADY RECEIVED THE INITIAL DEPOSIT, THE INITIAL DEPOSIT SHALL BE IMMEDIATELY PAID TO SELLER BY ESCROW HOLDER UPON RECEIPT OF WRITTEN NOTICE FROM SELLER THAT BUYER HAS DEFAULTED UNDER THIS AGREEMENT, AND BUYER AGREES TO TAKE ALL SUCH ACTIONS AND TO EXECUTE AND DELIVER ALL SUCH DOCUMENTS NECESSARY OR APPROPRIATE TO EFFECT SUCH PAYMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECTION 17.b., IF BUYER BRINGS AN ACTION AGAINST SELLER FOR AN ALLEGED BREACH OR DEFAULT BY SELLER OF ITS OBLIGATIONS UNDER THIS AGREEMENT, AND, IN CONNECTION WITH THAT ACTION, RECORDS A LIS PENDENS OR OTHERWISE ENJOINS OR RESTRICTS SELLER'S ABILITY TO SELL OR TRANSFER THE PROPERTY ("BUYER'S ACTION"), SELLER SHALL NOT BE RESTRICTED BY THE PROVISIONS OF THIS SECTION 17.b. FROM SEEKING EXPUNGEMENT OR RELIEF FROM ANY SUCH LIS PENDENS, INJUNCTION OR OTHER RESTRAINT, AND RECOVERING DAMAGES, COSTS OR EXPENSES (INCLUDING ATTORNEYS' FEES) WHICH SELLER MAY SUFFER OR INCUR AS A RESULT OF BUYER'S ACTION, AND THE AMOUNT OF ANY SUCH DAMAGES

AWARDED TO SELLER SHALL NOT BE LIMITED TO THE LIQUIDATED DAMAGES SET FORTH ABOVE. FURTHERMORE, IN NO EVENT SHALL THIS SECTION 17.b HAVE ANY APPLICATION TO OR LIMIT SELLER'S RIGHTS AGAINST BUYER IN CONNECTION WITH ANY OF THE FOLLOWING: (i) SECTION 18 OF THIS AGREEMENT, (ii) SECTION 20 OF THIS AGREEMENT, (iii) SECTION 30 OF THIS AGREEMENT, (iv) ANY DUTY OR OBLIGATION OF BUYER TO INDEMNIFY SELLER AS PROVIDED IN THIS AGREEMENT, OR (v) ANY MATERIAL MISREPRESENTATIONS BY BUYER UPON WHICH SELLER HAS RELIED TO ITS DETRIMENT.

SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THE FOREGOING LIQUIDATED DAMAGES PROVISION AND BY THEIR SIGNATURES IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

Upon any termination of this Agreement pursuant to this Section 17, this Agreement will automatically terminate without any further acts of either Seller or Buyer. In such a case, Seller and Buyer agree to execute such escrow cancellation instructions as may be necessary to effectuate the cancellation of the Escrow as may be required by Escrow Holder. The breaching Party hereunder shall pay any and all escrow costs incurred in connection herewith. Upon the satisfaction by Seller and Buyer of each of their respective obligations set forth in this Section 17 hereof, neither Seller nor Buyer shall have any further rights or obligations to each other except with respect to any indemnity obligations hereunder.

Buyer:

WARNER SPRINGS RANCH RESORT,
LLC.

W W McFar

William H. McWethy, Jr.
Title: Managing Member

Seller:

WARNER SPRINGS RANCHOWNERS ASSOCIATION

By: h

Kang Won Lee, on behalf of
Board of Directors

18. Real Estate Commissions. Seller shall pay upon the Closing a real estate sales commission to CBRE (who is representing Seller) pursuant to a separate written agreement. Such commission to CBRE shall in no event be payable unless and until the transaction contemplated by this Agreement is closed in accordance with the terms of this Agreement. Buyer and Seller represent to each other that, except with respect to CBRE (representing Seller) ("Agent"), it has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and it has not dealt with any broker or finder purporting to act on behalf of any other party. Each party shall defend, indemnify and hold the other harmless from and against any and all losses, liens, claims, judgments, liabilities, costs, expenses or damages (including reasonable attorneys' fees and court costs) of any kind or character to the extent arising out of or resulting from any agreement, arrangement or understanding (except with respect to the Agent) alleged to have been made by such party or on its behalf with any broker

or finder, other than Agents, in connection with this Agreement or the transaction contemplated by this Agreement.

19. Notices. Any notice or communication required or permitted hereunder shall be given in writing, sent by (a) personal delivery delivered by a representative of the party giving such notice, or (b) recognized overnight courier service (e.g., Federal Express), or (c) United States mail, postage prepaid, registered or certified mail, or (d) e-mail, addressed as follows:

If to Seller, to: Warner Springs Ranchowners Association
Attention: Kang Won Lee
3530 Wilshire Blvd., Suite 1414
Los Angeles, CA 90010
e-mail: kangwonleecpa@yahoo.com

with a copy to: Gordon & Rees LLP
101 W. Broadway, Suite 2000
San Diego, CA 92101
Attention: Jeffrey Cawdrey, Esq.
e-mail: jcawdrey@gordonrees.com

If to Seller's Agent: CBRE
5780 Fleet Street, Suite 300
Carlsbad, CA 92008
Attn: Jeff Woolson
e-mail: jeff.woolson@cbre.com

If to Buyer, to: Warner Springs Ranch Resort, LLC
11250 El Camino Real, Suite 100
San Diego, CA 92130
Attn: William H. McWethy, Jr.
e-mail: bill@phgcorp.com

with a copy to: Foley & Lardner, LLP
402 W. Broadway, Suite 2100
San Diego, CA 92101
Attention: Christopher Celentino, Esq.
e-mail: ccelentino@foley.com

If to Escrow Holder: Chicago Title Insurance Company
701 B Street, Suite 760
San Diego, CA 92101
Attention: Della DuCharme
e-mail: della.ducharme@ctt.com

or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been delivered either at the time of personal delivery when actually received by the addressee or a representative of the addressee at the address provided above or, if delivered on a business day in the case of delivery service or as to certified or registered mail, as of the earlier of the date delivered or the date which is seventy-two (72) hours following the date deposited in the United States mail at the address provided herein, or if by e-mail, upon electronic confirmation of delivery.

20. Assignment. Buyer shall not have the right to assign its interest in this Agreement without obtaining the prior written consent of Seller which consent shall not be unreasonably withheld. Notwithstanding the foregoing, however, Buyer shall have the right to assign this Agreement without Seller's prior consent to a related entity in which (a) Buyer or William H. McWethy Jr. or an affiliate of theirs is a principal, a managing member or a managing general partner and (b) Buyer or William H. McWethy Jr. or an affiliate of theirs owns not less than fifty percent (50%) of the equity interest. Buyer hereby agrees that any assignment by Buyer in contravention of this provision shall be void and shall not relieve Buyer of its obligations and liabilities under this Agreement. To the extent any assignment of Buyer's interest in this Agreement is consented to by Seller or permitted hereunder, the term "Buyer," as used in this Agreement, shall include such permitted assignee. Any assignment permitted hereunder or by Seller shall not relieve Buyer of its obligations under this Agreement. Except as may be approved by the Bankruptcy Court, Seller shall not have the right to assign its interest in this Agreement without obtaining the prior written consent of Seller which consent shall not be unreasonably withheld.

21. Section Headings. The section headings contained in this Agreement are for convenience only and shall in no way increase or limit the scope or meaning of the various and several sections hereof.

22. Entire Agreement. This Agreement including all schedules and exhibits hereto embodies the entire agreement between Buyer and Seller and supersedes any prior understandings or written or oral agreements between the parties concerning the Property. Further, this Agreement shall not be varied, modified, amended, altered or terminated except by a written agreement executed by both Buyer and Seller.

23. Applicability. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of Buyer and Seller and their respective permitted successors and assigns.

24. Time. Time is of the essence in the performance of the parties' respective obligations under this agreement.

25. Gender and Number. Words of any gender in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

26. Reporting of Foreign Investment. Buyer and Seller shall comply with any and all reporting requirements applicable to the transaction contemplated by this Agreement which are set forth in any law, statute, ordinance, rule, regulation, order or determination of any governmental authority.

27. Counterpart Execution. This Agreement shall be executed in pdf form and may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which together shall constitute one document.

28. Applicable Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California, without reference to principles of conflicts of laws.

29. Jurisdiction. The Bankruptcy Court shall have sole and exclusive jurisdiction with regard to any disputes arising under or related to this Agreement.

30. Confidentiality. Except as otherwise provided in this Agreement, Buyer hereby agrees and acknowledges that all information furnished by Seller to Buyer or obtained by Buyer in the course of Buyer's investigation and inspection of the Property, or in any way arising from or relating to any and all studies of or entries upon the Property by Buyer, its agents or representatives, shall be treated as confidential information. Buyer further agrees and acknowledges that if any such confidential information is disclosed to third parties, Seller may suffer damages and irreparable harm. Buyer expressly acknowledges, covenants and agrees that Buyer shall not make any press release or other public disclosure concerning the transaction contemplated by this Agreement prior to the Closing and that prior to the Closing if Buyer is the purchaser (or until 180 days after the Closing if Buyer is not the purchaser), Buyer shall make good efforts not to disclose any of the contents or information contained in or obtained as a

result of any due diligence reports or any other studies made in connection with Buyer's investigation of the Property, in any form whatsoever (including, but not limited to, any verbal information received by Buyer during the course of Buyer's inspection and investigation of the Property), to any party other than (a) Seller, Seller's employees, agents or representatives, or, as may need to be reasonably disclosed to Buyer's attorneys, accountants, consultants, investors, and lenders, agents, employees, representatives, or consultants, without the prior express written consent of Seller (which consent shall not be unreasonably withheld), (b) in connection with the Court Action or as otherwise required to comply with applicable laws; and (c) permitted transferee or assignee of Buyer and their respective directors, officers, employees and agents.

31. Preferential Social and Golf Membership. Buyer shall provide preferential social and golf membership for current members of Seller, as set forth on Exhibit “P” attached hereto and incorporated herein. Any such member currently holding more than UDI shall be entitled to only one such preferential social and golf membership .

32. Post Closing Access by Seller to Property. The designated employees and representatives of WSRA shall have reasonable access to the Property and its offices for thirty (30) days after Closing for purposes of winding up its affairs, provided that there is no unreasonable interference with the operation of the Property by Buyer. At least two (2) days prior to the initial access, WSRA shall provide a written list of such designated employees and representatives. WSRA shall obtain (and provide evidence to Buyer), at Seller's sole cost and expense, prior to such access on the Property, a policy of commercial general liability insurance covering any and all liability of Buyer and WSRA with respect to or arising out of any such on Property activities. Such policy of insurance shall name Buyer as an additional insured and shall be kept and maintained in force during the term of this Agreement and so long thereafter as necessary to cover any claims of damages suffered by persons or property resulting from any acts or omissions of WSRA and its designated employees and representatives. Such policy of insurance shall have liability limits of not less than One Million Dollars (\$1,000,000.00) combined single limit per occurrence for bodily injury, personal injury and property damage liability.

33. Attorney Fees. In the event that any dispute between the Parties should result in litigation or arbitration, the prevailing party in such dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment.

34. **Time Calculations.** Should the calculation of any of the various time periods provided for herein result in an obligation becoming due on a Saturday, Sunday or legal holiday, then the due date of such obligation or scheduled time of occurrence of such event shall be delayed until the next business day.

35. No Recordation. Seller and Buyer hereby agree and acknowledge that neither this Agreement nor any memorandum or affidavit of this Agreement shall be recorded with the County Recorder of the county in which the Property is located. Should Buyer ever record or attempt to record this Agreement, or any memorandum or affidavit of this Agreement, or any

other similar document, then, notwithstanding anything to the contrary in this Agreement, such recordation or attempt at recordation shall constitute a default by Buyer under this Agreement.

36. Merger Provision. Except as expressly set forth in this Agreement, any and all rights of action of Buyer for any breach by Seller of any representation, warranty or covenant contained in this Agreement shall merge with the Quitclaim Deed and other instruments executed at Closing, shall terminate at the Closing and shall not survive the Closing. Notwithstanding anything contained in this Agreement to the contrary, the following provisions of this Agreement shall survive the Close of Escrow or a termination of this Agreement: Sections 8, 13 and 18.

37. Severability. If any portion of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect.

38. Additional Instructions to Escrow Holder. Notwithstanding anything to the contrary contained in this Agreement, Escrow Holder's General Provisions, which shall be delivered to Seller and Buyer by Escrow Holder after Escrow opens, are incorporated by reference herein to the extent that such General Provisions are not inconsistent with the terms and provisions of this Agreement. If there is any inconsistency between such General Provisions and any terms and/or provisions of this Agreement, the terms and provisions of this Agreement shall control. If any requirements relating to the duties or obligations of Escrow Holder are unacceptable to Escrow Holder, or if Escrow Holder requires additional instructions, the parties shall make any deletions, substitutions and additions which do not materially alter the terms of this Agreement. Any supplemental instructions shall be signed only as an accommodation to Escrow Holder and shall not be deemed to modify or amend any of the respective rights, duties and obligations of Buyer and Seller under this Agreement unless those signed supplemental instructions expressly so provide. If Escrow Holder is the prevailing party in any action or proceeding between Escrow Holder and one or both of the parties to the Escrow, Escrow Holder shall be entitled to all costs, expenses and reasonable attorneys' fees expended or incurred in connection therewith. If Escrow Holder is required to respond to any legal summons or proceedings not involving a breach or fault upon Escrow Holder's part, the parties to this Agreement agree to share equally all costs, expenses and reasonable attorneys' fees expended or incurred by Escrow Holder. In the event costs, expenses and attorneys' fees are reimbursed to Escrow Holder, Buyer and Seller agree that the prevailing party between Buyer and Seller shall be awarded reimbursement of such costs, expenses and attorneys' fees paid by it to Escrow Holder hereunder.

39. Schedules and Exhibits Incorporated by Reference. All schedules and exhibits attached to this Agreement are incorporated into this Agreement by reference.

40. Preliminary Change of Ownership Report. Buyer shall be fully responsible for all matters in connection with the filing of a Preliminary Change of Ownership Report in accordance with the California Revenue and Taxation Code Section 480.3.

41. No Third Party Beneficiary. This Agreement creates rights and duties only between the Parties, and no third party is or shall be deemed to be or shall have any rights as a third party beneficiary.

42. Rules of Construction. The Parties agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

43. Modifications of Exhibits and Schedules. [Intentionally omitted].

44. Further Assurances. Each of the Parties agrees to execute and deliver such instruments and take such actions as the other may, from time to time, request in order to effectuate the purpose and to carry out the terms of this Agreement. By way of example and not limitation, and subject to the approval of the Bankruptcy Court, in the event Buyer determines that any item of Property was not sold, transferred, assigned or conveyed to Buyer pursuant to this Agreement (exclusive of any Excluded Assets), and a reasonable reading or interpretation of this Agreement indicates that such item of Property was inadvertently omitted, then each of the Parties agrees to cooperate with the other and to execute such additional agreements and documents and take such additional actions as may be reasonably required to transfer, assign or convey such item of Property. The Parties also agree that matters subject to further agreement under this Agreement are intended to be finalized in good faith and any matters that cannot be resolved shall be presented for final determination by the Bankruptcy Court. No failure of the Parties to agree on such matters shall be grounds for allegations of a breach of this Agreement by one Party against the other nor shall any such failure to agree be grounds for termination of this Agreement unless so ordered by the Bankruptcy Court. Any delay in Closing required for a Bankruptcy Court resolution of any failure of the Parties to reach an agreement required by this Agreement shall be covered by the provisions of Section 3.a. above.

[signatures on following page]

EXHIBIT "A"

LEGAL DESCRIPTION

The following legal description is as set forth in the Stewart Report of January 6, 2012, and said legal description is subject to revision based on the final legal description for the Property provided by the Title Company:

See Attached

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of San Diego, and described as follows:

PARCEL A:

ALL THAT PORTION OF RANCHO SAN JOSE DEL VALLE, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, PER PATENT RECORDED JANUARY 16, 1880, IN BOOK 2 PAGE 73 OF PATENTS, RECORDS OF SAN DIEGO COUNTY, AS DESCRIBED IN DEED RECORDED NOVEMBER 9, 1945 IN BOOK 1973, PAGE 265, SAID DEED RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY, TOGETHER WITH THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER, AND THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, AND LOTS 3 AND 4, ALL IN SECTION 30, TOWNSHIP 10 SOUTH, RANGE 4 EAST, SAN BERNARDINO BASE AND MERIDIAN ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF, TOGETHER WITH LOTS 2, 3 AND 4 AND THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 10 SOUTH, RANGE 3 EAST, SAN BERNARDINO BASE AND MERIDIAN ACCORDING TO UNITED STATES GOVERNMENT SURVEY THEREOF MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY BOUNDARY LINE OF SAID RANCHO, BETWEEN CORNERS W-21 AND W-22, SAID POINT BEING NORTH 56°45'00" WEST 5826.00 FEET NORTHWESTERLY OF SAID CORNER W-22 AS MEASURED ALONG SAID RANCHO LINE BETWEEN SAID CORNERS W-21 AND W-22; THENCE ALONG SAID RANCHO LINE, SOUTH 56°45'00" EAST 5826.00 FEET TO SAID CORNER W-22; THENCE ALONG SAID RANCHO LINE BETWEEN CORNER W-22 AND W-23, SOUTH 16°00'00" EAST 2740.00 FEET MORE OR LESS TO THE NORTH LINE OF SAID LOT 2, OF SAID SECTION 25; THENCE EASTERLY ALONG THE NORTH LINE OF SAID LOT 2 461.00 FEET, MORE OR LESS TO THE NORTHWEST CORNER OF SAID SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 25; THENCE EASTERLY ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER OF THE NORTHEAST QUARTER, 1320.00 FEET MORE OF LESS, TO THE WEST LINE OF SAID SECTION 30; THENCE SOUTHERLY ALONG SAID WEST LINE, 1320.00 FEET MORE OF LESS, TO THE WEST QUARTER CORNER OF SAID SECTION 30 SAID POINT BEING THE NORTHWEST CORNER OF LOT 3, OF SAID SECTION 30; THENCE ALONG THE NORTH LINE OF SAID LOT 3 NORTH 89°35'48" EAST 1384.41 FEET TO THE NORTHEAST CORNER OF SAID LOT 3, SAID POINT BEING THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 30; THENCE ALONG THE NORTH LINE OF SAID NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 30, NORTH 88°56'33" EAST 1371.47 FEET TO THE NORTHWEST CORNER OF THE NORTHWEST QUARTER OF THE SOUTH EAST QUARTER OF SAID SECTION 30; THENCE ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 30 NORTH 88°50'11" EAST 1309.52 FEET TO THE NORTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 30; THENCE ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 30 SOUTH 01°25'23" EAST 1266.19 FEET TO THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 30; THENCE ALONG THE SOUTH LINE OF NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 30 SOUTH 89°11'55" WEST 1298.60 FEET TO THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 30; THENCE ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 30, NORTH 88°37'40" WEST 1346.21 FEET TO THE

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NORTHEAST CORNER OF LOT 4 OF SAID SECTION 30; THENCE ALONG THE EAST LINE OF SAID LOT 4, SOUTH 03°42'05" EAST 1302.91 FEET TO THE SOUTHEAST CORNER OF SAID LOT 4; THENCE ALONG THE SOUTH LINE OF SAID LOT 4, SOUTH 88°05'33" WEST 31.79 FEET MORE OR LESS TO THE RANCHO LINE BETWEEN RANCHO CORNERS "W-23" AND "W-24" OF SAID RANCHO SAN JOSE DEL VALLE; THENCE LEAVING SAID RANCHO LINE, WEST 17,000.00 FEET; THENCE NORTH 5300.00 FEET MORE OR LESS TO A POINT IN THE CENTERLINE OF CALIFORNIA STATE ROUTE NO. 79 SAID POINT BEING HEREAFTER DESIGNATED AS POINT "A"; THENCE RETRACING, SOUTH 1200.00 FEET; THENCE WEST, 4500.00 FEET; THENCE NORTH 2500.00 FEET, MORE OR LESS TO THE CENTERLINE OF SAID CALIFORNIA STATE HIGHWAY NO. 79; THENCE EASTERLY ALONG THE CENTERLINE OF SAID CALIFORNIA STATE HIGHWAY NO. 79 TO THE AFOREMENTIONED POINT "A"; THENCE NORTHEASTERLY 9300.00 FEET MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE FOLLOWING DESCRIBED PORTIONS:

- A. APPROXIMATELY 11 ACRES CONVEYED TO WARNER SPRINGS UNION SCHOOL DISTRICT BY DEED DATED OCTOBER 23, 1939 AND DESCRIBED AS FOLLOWS:
 1. BEGINNING AT CORNER W-23 OF SAID RANCHO SAN JOSE DEL VALLE; THENCE ALONG THE LINE OF SAID RANCHO NORTH 17°33'53" WEST 5157.23 FEET TO CORNER W-22 OF SAID RANCHO; THENCE SOUTH 44°48'51" WEST 7569.54 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 30°39'02" WEST 560.94 FEET; THENCE NORTH 49°39'28" WEST 436.54 FEET TO A POINT HEREIN DESIGNATED AS POINT "A"; THENCE CONTINUING NORTH 49°39'28" WEST 429.04 FEET TO THE SIDELINE OF STATE HIGHWAY 79; THENCE ALONG SAID SIDELINE OF STATE HIGHWAY 79 NORTH 43°30'01" EAST 301.43 FEET TO THE BEGINNING OF A 10000.00 FOOT RADIUS CURVE CONCAVE TO THE SOUTHEAST; THENCE NORTHEASTERLY CONTINUING ALONG SAID SIDELINE ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 00°15'49" AN ARC DISTANCE OF 46.01 FEET; THENCE CONTINUING ALONG SAID SIDELINE NORTH 43°14'12" EAST 202.17 FEET; THENCE LEAVING SAID SIDELINE SOUTH 49°58'28" EAST 741.91 FEET TO THE TRUE POINT OF BEGINNING.

BEGINNING AT SAID POINT "A"; THENCE NORTH 49°39'28" WEST 429.04 FEET TO THE SIDELINE OF STATE HIGHWAY 79; THENCE ALONG THE SIDELINE OF SAID STATE HIGHWAY 79 SOUTH 43°30'01" WEST 364.12; THENCE LEAVING SAID SIDELINE SOUTH 24°13'58" EAST 218.13 FEET; THENCE SOUTH 77°23'58" EAST 266.70 FEET; THENCE NORTH 43°06'02" EAST 333.46 FEET TO SAID POINT "A".
 2. BEGINNING AT CORNER W-23 OF SAID RANCHO SAN JOSE DE VALLE; THENCE ALONG THE LINE OF SAID RANCHO NORTH 17°33'53" WEST 5157.23 FEET TO CORNER W-22 OF SAID RANCHO; THENCE SOUTH 38°30'27" WEST 7664.99 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 15°25'32" WEST 100.00 FEET; THENCE NORTH 74°34'28" WEST 100.00 FEET; THENCE NORTH 15°25'32" EAST 100.00 FEET; THENCE SOUTH 74°34'28" EAST 100.00 FEET TO THE TRUE POINT OF BEGINNING.
- B. APROXIMATELY 0.256 ACRES CONVEYED BY CHARLES PORMAN AND THE EMPIRE LAND AND CATTLE COMPANY TO THE UNITED STATES OF AMERICA, BY DEED DATED APRIL 17, 1911 AND RECORDED IN BOOK 526, PAGE 369 OF DEEDS.
- C. ALL THAT PORTION LYING WITHIN THE BOUNDARIES OF LOS TULES UNIT NO. 2, ACCORDING TO MAP THEREOF NO. 2371, SAID MAP RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY.

- D. ALL THAT PORTION DESCRIBED IN DEED TO THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, RECORDED DECEMBER 2, 1963 AS FILE NO. 213549, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT CORNER W-23 OF SAID RANCHO SAN JOSE DE VALLE; THENCE ALONG THE LINE OF SAID RANCHO NORTH $17^{\circ}33'53''$ WEST 5157.23 FEET TO CORNER W-22 OF SAID RANCHO; THENCE SOUTH $51^{\circ}53'17''$ WEST 2835.12 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH $19^{\circ}32'33''$ EAST 75.00 FEET; THENCE SOUTH $70^{\circ}27'27''$ WEST 150.00 FEET; THENCE NORTH $19^{\circ}32'33''$ WEST 75.00 FEET; THENCE NORTH $70^{\circ}27'27''$ EAST 150.00 FEET TO THE TRUE POINT OF BEGINNING.

- E. ALL THAT PORTION LYING WITHIN THE BOUNDARIES OF LOS TULES UNIT NO. 3, ACCORDING TO MAP THEREOF NO. 5777, SAID MAP RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY.

- F. ALL THAT PORTION OF RANCHO SAN JOSE DEL VALLE IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, PER PATENT DATED JANUARY 16, 1880, IN BOOK 2, OF PATENTS, RECORDS OF SAID SAN DIEGO COUNTY, TOGETHER WITH A PORTION OF LOT F OF LOS TULES UNIT NO. 1, PER MAP NO. 2237, SAID MAP RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY LINE OF SAID LOT F WITH THE NORTHEASTERLY BOUNDARY OF SAID RANCHO; THENCE ALONG SAID RANCHO BOUNDARY NORTH $17^{\circ}50'00''$ WEST 213.51 FEET TO CORNER NO. W-22 OF SAID RANCHO; THENCE CONTINUING ALONG SAID RANCHO BOUNDARY NORTH $56^{\circ}45'00''$ WEST 4626.00 FEET; THENCE LEAVING SAID BOUNDARY SOUTH 790.00 FEET; THENCE SOUTH $70^{\circ}33'36''$ EAST 721.11 FEET; THENCE SOUTH $42^{\circ}05'21''$ EAST 417.73 FEET; THENCE SOUTH $08^{\circ}25'37''$ EAST 545.89 FEET; THENCE SOUTH $16^{\circ}27'36''$ WEST 458.80 FEET; THENCE SOUTH $38^{\circ}55'39''$ WEST 334.22 FEET; THENCE SOUTH $71^{\circ}33'54''$ WEST 252.98 FEET; THENCE NORTH $84^{\circ}24'02''$ WEST 512.44 FEET; THENCE SOUTH $44^{\circ}05'26''$ WEST 445.53 FEET; THENCE SOUTH $11^{\circ}18'36''$ EAST 458.91 FEET; THENCE SOUTH $28^{\circ}57'04''$ WEST 268.00 FEET, MORE OR LESS TO THE CENTERLINE OF STATE HIGHWAY 79; THENCE IN A GENERAL SOUTHEASTERLY DIRECTION ALONG SAID CENTERLINE TO THE NORTHERLY BOUNDARY OF LOS TULES UNIT NO. 3, MAP NO. 5777, SAID MAP RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY; THENCE IN A GENERAL NORTHEASTERLY DIRECTION ALONG THE NORTHERLY BOUNDARY OF SAID MAP 5777 AND THE NORTHERLY BOUNDARY OF SAID LOS TULES UNIT NO. 2, MAP NO. 2371, TO THE SOUTHWESTERLY CORNER OF SAID LOT F, BEING A POINT ON SAID RANCHO BOUNDARY; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID LOT F, NORTH $33^{\circ}42'00''$ EAST 501.00 FEET; THENCE LEAVING SAID SOUTHEASTERLY LINE OF SAID LOT F NORTH $22^{\circ}27'30''$ EAST 140.40 FEET; THENCE NORTH $00^{\circ}35'30''$ EAST 50.00 FEET; THENCE NORTHEASTERLY, IN A STRAIGHT LINE, 1115.00 FEET, MORE OR LESS TO THE NORTHERLY LINE OF SAID LOT F; THENCE WESTERLY ALONG SAID NORTHERLY LINE TO THE POINT OF BEGINNING.

- G. ALL THAT PORTION OF RANCHO SAN JOSE DEL VALLE, PER PATENT DATED JANUARY 16, 1880, IN BOOK 2, PAGE 73 OF PATENTS, RECORDS OF SAN DIEGO COUNTY, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWESTERLY CORNER OF LOT 65 OF LOS TULES UNIT NO. 2, MAP NO. 2371, SAID MAP RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY ALSO BEING A POINT ON THE EASTERLY LINE OF LOT 80

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OF LOS TULES UNIT NO. 3, MAP NO. 5777, SAID MAP RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY; THENCE ALONG SAID EASTERLY LINE, AND ITS SOUTHERLY PROLONGATION, SOUTH 06°21'00" WEST 620.00 FEET; THENCE SOUTH 01°50'09" WEST 780.40 FEET; THENCE SOUTH 28°55'35" EAST 217.08 FEET; THENCE EAST 455.00 FEET, MORE OR LESS, TO THE EASTERLY RIGHT-OF-WAY OF THAT ROAD EASEMENT RECORDED OCTOBER 7, 1974 AS FILE/PAGE NO. 74-268615, OF OFFICIAL RECORDS; THENCE SOUTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY 125.00 FEET; THENCE SOUTH 67°00'00" WEST 400.00 FEET; THENCE SOUTH 23°23'07" WEST 201.56 FEET; THENCE SOUTH 43°31'52" EAST 275.86 FEET; THENCE SOUTH 63°00'15" EAST 594.81 FEET; THENCE SOUTH 33°41'24" EAST 649.00 FEET; THENCE SOUTH 53°07'48" EAST 275.00 FEET; THENCE EAST 500.00 FEET; THENCE SOUTH 31°42'54" EAST 523.12 FEET; THENCE EAST 1190.00 FEET; THENCE NORTH 31°25'46" WEST 210.95 FEET; THENCE NORTH 27°53'50" EAST 480.88 FEET; THENCE NORTH 30°57'50" WEST 437.32 FEET; THENCE NORTH 41°55'43" WEST 725.83 FEET; THENCE NORTH 08°51'53" WEST 551.59 FEET; THENCE WEST 665.00 FEET; THENCE NORTH 75°08'05" WEST 838.05 FEET; THENCE NORTH 13°35'10" WEST 617.27 FEET; THENCE NORTH 63°38'44" EAST 608.22 FEET; THENCE NORTH 15°56'43" EAST 400.41 FEET TO A POINT IN THE SOUTHERLY BOUNDARY OF SAID MAP NO. 2371; THENCE IN A GENERAL WESTERLY DIRECTION, ALONG SAID SOUTHERLY BOUNDARY, TO THE POINT OF BEGINNING.

H. STATE HIGHWAY 79 AS DEDICATED TO THE STATE OF CALIFORNIA AS SHOWN ON RIGHT-OF-WAY MAP NO 23535.

PARCEL B:

ALL THAT PORTION OF RANCHO SAN JOSE DEL VALLE, PER PATENT DATED JANUARY, 16, 1880, IN BOOK 2, PAGE 73 OF PATENTS, RECORDS OF SAN DIEGO COUNTY, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTH WESTERLY CORNER OF LOT 72 OF LOS TULES UNIT NO. 3, MAP THEREOF NO. 5777 AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY; THENCE ALONG THE WESTERLY LINE OF SAID LOT 72 SOUTH 27°45'27" EAST 234.94 FEET (RECORD SOUTH 27°44'17" EAST 235.00 FEET) TO THE NORTHERLY RIGHT-OF-WAY OF CAMINO SAN IGNACIO AS SHOWN ON SAID MAP NO. 5777; THENCE ALONG SAID NORTHERLY RIGHT-OF-WAY THE FOLLOWING COURSES:

1. SOUTH 62°13'49" WEST 159.66 FEET (RECORD SOUTH 62°15'43" WEST 159.77 FEET);
2. SOUTH 52°13'13" WEST 855.59 FEET (RECORD 855.80 FEET);
3. NORTHWESTERLY ALONG A TANGENT 163.21 FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 49°23'13" AN ARC DISTANCE OF 140.68 FEET;
4. TANGENT TO SAID CURVE NORTH 78°23'34" WEST 2.25 FEET;
5. NORTHERLY ALONG A TANGENT 20.00 FOOT RADIUS CURVE THROUGH A CENTRAL ANGLE OF 84°50'26" AN ARC DISTANCE OF 29.61 FEET;
6. ALONG A NON-TANGENT LINE NORTH 83°33'08" WEST 21.00 FEET;
7. NORTH 83°33'54" WEST 30.23 FEET (RECORD NORTH 83°33'08" WEST 30.00 FEET);

TO THE CENTERLINE OF STATE HIGHWAY 79, BEING ALSO A POINT IN A NON-TANGENT 485.00 FOOT RADIUS CURVE CONCAVE WESTERLY, A RADIAL LINE TO SAID POINT BEARS SOUTH 83°33'54" EAST; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 15°24'01" AN ARC DISTANCE OF 130.36 FEET;

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THENCE TANGENT TO SAID CURVE NORTH 08°57'55" WEST 112.00 FEET; THENCE LEAVING SAID CENTERLINE NORTH 86°46'26" WEST 415.00 FEET; THENCE NORTH 24°34'26" WEST 192.50 FEET; THENCE NORTH 41°19'34" EAST 230.00 FEET; THENCE NORTH 21°20'18" WEST 914.33 FEET; THENCE NORTH 14°02'25" EAST 397.14 FEET; THENCE NORTH 40°15'01" EAST 733.30 FEET; THENCE NORTH 88°53'34" EAST 890.00 FEET; THENCE SOUTH 26°17'28" EAST 597.70 FEET; THENCE SOUTH 36°16'26" EAST 491.00 FEET; THENCE SOUTH 18°41'05" EAST 253.20 FEET; THENCE NORTH 85°05'23" WEST 40.00 FEET TO THE NORTHWESTERLY CORNER OF LOT 70 OF SAID MAP NO. 5777; THENCE ALONG THE BOUNDARY OF SAID MAP THE FOLLOWING COURSES:

1. SOUTH 09°53'57" EAST 264.89 FEET (RECORD SOUTH 09°53'00" EAST 265.00 FEET);
2. SOUTH 80°03'54" WEST 214.25 FEET (RECORD SOUTH 80°07'00" WEST 214.27 FEET);
3. SOUTH 62°15'44" WEST 322.64 FEET RECORD SOUTH 62°15'43" WEST 322.65 FEET) TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION DESCRIBED IN DEED TO PACIFIC TELEPHONE AND TELEGRAPH CO., RECORDED DECEMBER 2, 1963 IN THE OFFICE OF THE COUNTY RECORDER OF SAID SAN DIEGO COUNTY AS FILE NO. 213549, OF OFFICIAL RECORDS, BEING A RECTANGULAR PARCEL OF LAND MEASURING 150.00 FEET BY 75.00 FEET.

ALSO EXCEPTING THEREFROM STATE HIGHWAY 79 AS DEDICATED TO THE STATE OF CALIFORNIA AS SHOWN ON RIGHT-OF-WAY MAP NO 23535.

PARCEL C:

AN EASEMENT OVER A PORTION OF PARCEL 2, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AS DESCRIBED IN THAT CERTAIN CERTIFICATE OF COMPLIANCE RECORDED DECEMBER 23, 1983 AS FILE/PAGE NO. 83-469613 OF OFFICIAL RECORDS FOR THE PURPOSE OF MAINTAINING INSPIRATION POINT AND ITS LOOP ROAD AND ITS ACCESS ROAD AND GATE, INCLUDING TRASH REMOVAL, PERIODIC REPAVING AND SEALING AND BRUSH CLEARANCE FOR FIRE SAFETY IN PERPETUITY, AS GRANTED IN THE AGREEMENT FOR RECIPROCAL EASEMENT RECORDED MARCH 28, 2006 AS INSTRUMENT NO. 2006-0211821 OF OFFICIAL RECORDS.

(End of Legal Description)

(See attached)

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1.2 Estates Permitted Uses. Use of the Association Easement by the Estates Permitted Users is restricted to the following uses: (a) access to and from all or any part of the Estates Property for emergency purposes; (b) hikers, walkers, horse-back riders, and non-motorized bicycle riders who are owners of all or any part of the Estates Property and the Estates Permitted Users; and (c) construction, maintenance and repair of the improvements in the Association Easement Area described in this Agreement.

1.3 Estates Permitted Users. As used in this Agreement, "Estates Permitted Users" means the current and all future owners of all or any part of the Estates Property and their guests, visitors, tenants, invitees, and emergency service personnel, and, solely for the uses described in Section 1.2(c), any homeowners associations formed with respect to any or all of the Estates Property and Estates' and each such association's contractors, suppliers, and vendors as to the Association Easement. Association acknowledges Estates intends to develop approximately twenty-eight homesites within the Estates Property and the definition of Estates Permitted Users includes the future owners of each of those homesites, as well as their guests, visitors, tenants and invitees. Estates shall not permit parties other than Estates Permitted Users to use the Association Easement without first obtaining Association's written consent, which Association may give or withhold in Association's sole and absolute discretion.

1.4 Reservation of Uses. The Association Easement is non-exclusive and Association reserves for itself and its successors and assigns and its and their guests, visitors, tenants, invitees, and emergency service personnel the right to use the Association Easement for the following uses only: (a) access to and from the Association Property for emergency purposes; (b) hikers, walkers, horse-back riders, and non-motorized bicycle riders; and (c) repair of the improvements in the Association Easement Area described in this Agreement to the extent Association is responsible for such repairs pursuant to this Agreement. Association also reserves for itself and its successors and assigns the right to grant non-exclusive easements or other rights to use the Association Easement to the owners (and their guests, visitors, tenants, and invitees) of the nearby property known to Association and Estates as the "Los Tules" property. Subject to the reservations in the prior two sentences, Association shall not permit or allow any other parties to use the Association Easement (except in an emergency) without first obtaining Estates' written consent, which Estates may give or withhold in Estates' sole and absolute discretion.

1.5 Association Easement Area Improvements.

(a) **Construction.** Estates shall, within any time periods and pursuant to any construction specifications required by the County, cause to be constructed within the entire length of the Association Easement Area a paved emergency access roadway that will be approximately twenty feet wide ("Road") and an unpaved horse and hiking trail that will be approximately eight feet wide ("Trail"). All construction shall be completed at Estates' sole expense by licensed contractors, in a good, workmanlike and lien-free manner, in accordance with all applicable laws, ordinances, regulations, and codes, and pursuant to permits issued by the County. Before constructing the Trail, Estates shall provide to Association a copy of the proposed Trail construction plans and shall consider in good faith any comments and suggestions relating to those plans that Association provides to Estates in a timely manner. If the County does not require

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secondary access to the Estates Property as a condition of final map approval for the Estates Property, then Estates shall not construct the Road and instead shall only construct the Trail and promptly upon Estates' written request, Association and Estates shall sign, notarize and cause to be recorded in the County's Official Records an amendment to this Agreement that deletes the provisions relating to an easement for the Road.

(b) Maintenance. Estates shall at no expense to Association maintain, repair, replace, and improve, as reasonably necessary, all portions of the Road (subject to the last sentence in Section 1.5(a)) and the Trail, except Association shall at no expense to Estates promptly repair any damage to the Road and the Trail beyond ordinary wear and tear that is not caused by Estates or any Estates Permitted Users.

2. Recreational Trail Easement

2.1 Grant. Estates grants to Association a perpetual, non-exclusive easement ("Estates Easement") for the "Association Permitted Users" (defined below), on, over, and across the portion of the Estates Property described on attached Exhibit "E" and depicted on the map attached as Exhibit "E" ("Estates Easement Area"). Association acknowledges Estates intends to develop approximately twenty-eight homesites within the Estates Property, and it may be necessary or desirable to Estates in connection with that development for Estates to relocate the Estates Easement Area. Therefore, Estates reserves the right to relocate the Estates Easement Area to other locations within the Estates Property so long as the location where the Estates Easement Area connects to the Association Property remains substantially the same (unless Estates and Association otherwise agree in writing). If Estates relocates the Estates Easement Area, then promptly upon Estates' request Association shall sign, acknowledge and deliver to Estates an amendment to this Agreement in recordable form prepared by Estates that reflects that relocation, which Estates shall cause at its expense to be recorded in the County's Official Records.

2.2 Association Permitted Users. Use of the Estates Easement by the Association Permitted Users is restricted to the following uses: (a) hikers, walkers, horse-back riders, and non-motorized bicycle riders who are owners of all or any part of the Association Property and the Association Permitted Users; and (b) repair of the improvements in the Estates Easement Area to the extent Association is responsible for such repairs pursuant to this Agreement.

2.3 Association Permitted Users. As used in this Agreement, "Association Permitted Users" means the current and all future owners of all or any part of the Association Property and their guests, visitors, tenants, and invitees. Association shall not permit parties other than Association Permitted Users to use the Estates Easement without first obtaining Estates' written consent, which Estates may give or withhold in Estates' sole and absolute discretion.

2.4 Reservation of Uses. The Estates Easement is non-exclusive and Estates reserves for itself and its successors and assigns and its and their guests, visitors, tenants, and invitees, the right to use the Estates Easement for the following uses only: (a) hikers, walkers, horse-back riders, and non-motorized bicycle riders; and (b) repair of the improvements in the Estates Easement Area

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described in this Agreement to the extent Association is responsible for such repairs pursuant to this Agreement. Estates also reserves for itself and its successors and assigns the right to grant non-exclusive easements or other rights to use the Estates Easement to the owners (and their guests, visitors, tenants, and invitees) of the nearby property known to Estates and Association as the "Los Tules" property. Subject to the reservations in the prior two sentences, Estates shall not permit or allow any other parties to use the Estates Easement (except in an emergency) without first obtaining Association's written consent, which Association may give or withhold in Association's sole and absolute discretion.

2.5 Estates Easement Area Improvements.

(a) Construction. Estates shall, within any time periods and pursuant to any construction specifications required by the County, cause to be constructed within the entire length of the Estates Easement Area an unpaved horse and hiking trail that will be approximately eight feet wide ("Trail"). All construction shall be completed at Estates' sole expense by licensed contractors, in a good, workmanlike and lien-free manner, in accordance with all applicable laws, ordinances, regulations, and codes, and pursuant to permits issued by the County. Before constructing the Trail, Estates shall provide to Association a copy of the proposed Trail construction plans and shall consider in good faith any comments and suggestions relating to those plans that Association provides to Estates in a timely manner.

(b) Maintenance. Estates shall at no expense to Association maintain, repair, replace, and improve, as reasonably necessary, all portions of the Trail, except Association shall at no expense to Estates promptly repair any damage to the Trail beyond ordinary wear and tear that is caused by Association or any Association Permitted Users.

3. Indemnifications.

3.1 By Estates. As a material part of the consideration for this Agreement, Estates shall indemnify, defend, protect and hold harmless Association, the Association Property and Association's employees, officers, directors, members, agents, representatives, divisions, subsidiaries, partners, and affiliated companies and their respective successors and assigns (collectively, "Association Indemnitees"), from and against any claim, loss, damage, injury, accident, casualty, liability, and expense (including reasonable attorneys' fees) of any kind or character to any person or property (collectively "Claims") to the extent caused by: (a) any use of the Association Easement Area and/or the Estates Easement Area by Estates, the Estates Permitted Users, and any other parties that Estates permits to use the Association Easement Area and/or the Estates Easement Area; (b) any mechanics liens recorded against the Association Easement Area and/or the Association Property resulting from any activities by Estates or Estates' contractors and agents; and (c) any alleged violation by Estates or Estates' contractors and agents of any law, ordinance, or regulation, provided this indemnification shall not extend to any Claims to the extent caused by Association or any Association Indemnitees.

3.2 By Association. As a material part of the consideration for this Agreement, Association shall indemnify, defend, protect and hold harmless Estates, the Estates Property and Estates' employees, officers, directors, members, agents, representatives, divisions, subsidiaries,

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partners, and affiliated companies and their respective successors and assigns (collectively, "Estates Indemnitees"), from and against any Claims to the extent caused by: (a) any use of the Estates Easement Area and/or the Association Easement Area by Association, the Association Permitted Users, and any other parties that Association permits to use the Estates Easement Area and/or the Association Easement Area; (b) any mechanics liens recorded against the Estates Easement Area and/or the Estates Property resulting from any activities by Association or Association's contractors and agents; and (c) any alleged violation by Association or Association's contractors and agents of any law, ordinance, or regulation, provided this indemnification shall not extend to any Claims to the extent caused by Estates or any Estates Indemnitees.

4. **Property Ownership and Title.**

4.1 **Association Property.** Association represents and warrants to Estates that Association is the sole owner of the Association Property within which the Association Easement Area is located and there are no trust deeds or other monetary liens recorded against that portion of the Association Property (other than non-delinquent property taxes and assessments). If Estates elects to purchase title insurance with respect to the Association Easement, then Association shall reasonably cooperate with Estates with respect to such purchase and take any reasonably necessary action for this Agreement to be prior and superior to any and all monetary liens recorded against the portion of that portion of the Association Property (other than non-delinquent property taxes and assessments).

4.2 **Estates Property.** Estates represents and warrants to Association that Estates is the sole owner of the Estates Property within which the Estates Easement Area is located and there are no trust deeds or other monetary liens recorded against that portion of the Estates Property (other than non-delinquent property taxes and assessments and other than a trust deed recorded in favor of East West Bank). If Association elects to purchase title insurance with respect to the Estates Easement, then Estates shall reasonably cooperate with Association with respect to such purchase and shall use commercially reasonable efforts to cause East West Bank to subordinate its trust deed to the Estates Easement (but Estates gives no assurances that East West Bank will provide that subordination).

5. **Covenants Running With the Land.** Promptly after this Agreement is signed by Association and Estates, Estates shall at its expense cause this Agreement to be recorded in the County's Official Records. Each covenant made by Association and Estates in this Agreement to do or refrain from doing some act within the Association Easement Area and/or the Estates Easement Area that relates to the use, repair, maintenance or improvement of the Association Easement Area and/or the Estates Easement Area is for the benefit of the Estates Property and the Association Property, shall run with and be binding on the Estates Property and the Association Property, and shall benefit and be binding on Association, Estates, and each successive owner of all or any part of the Association Property and the Estates Property. The intent of this Section is to create covenants running with the land pursuant to California Civil Code Section 1468.

6. **Other Provisions.** This Agreement: (a) constitutes the entire agreement between Association and Estates pertaining to the subject matter hereof and all prior and contemporaneous

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agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein; (b) may only be amended in a writing signed by Association and Estates; (c) shall be construed and enforced in accordance with and governed by California law; and (d) may be signed in counterparts. A waiver of any provision of this Agreement shall not constitute a waiver of any other provisions, shall not be a continuing waiver, and shall not be binding unless agreed in writing by the waiving party. This Agreement's title and headings do not limit the meaning of this Agreement's provisions. In any legal action involving this Agreement, the prevailing party shall be entitled to recover from the other party, in addition to damages and injunctive or other relief, if any, all costs (whether or not allowable as "cost" items by law) reasonably incurred with respect to that action, including attorneys' and witness (expert and otherwise) fees and costs. If any part of this Agreement is held to be invalid, then the rest of this Agreement shall remain in full force and effect. Association and Estates shall promptly sign, acknowledge, and deliver to the other any documents, and shall promptly do any acts and things, reasonably necessary in connection with the performance of their obligations, and to carry out their intent and agreements, as expressed in this Agreement.

"ASSOCIATION"

WARNER SPRINGS RANCHOWNERS
ASSOCIATION, a California Mutual Benefit
Nonprofit corporation

By: [Signature]
Name: [Signature]
Title: General Manager

"ESTATES"

WARNER SPRINGS ESTATES, LLC,
a California limited liability company

By: [Signature]
Didrikson, LLC, a California
limited liability company, its
member

By: [Signature]
Robert Earl, Managing Member

By: Warner Springs Ranchos, LLC,
a California limited liability company,
its member

By: [Signature]
Richard Packard, Managing Member

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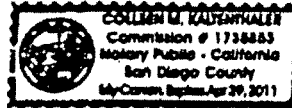
STATE OF CALIFORNIA)
COUNTY OF San Diego) ss.

On October 17, 2009, before me, Colleen M. Kaltenthaler, Notary Public, personally appeared James Stilwell, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Colleen M. Kaltenthaler
Signature of Notary Public



(SEAL)

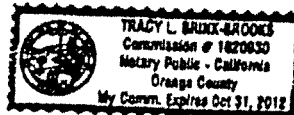
STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

On 10-21-09, before me, Tracy L. Brink-Brooks, Notary Public, personally appeared Robert Earl, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Tracy L. Brink-Brooks
Signature of Notary Public



(SEAL)

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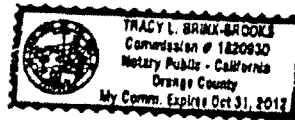
STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On 10-21, CA, before me, Tracy L. Brink-Brooks, Notary Public, personally appeared RICHARD PACKARD, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Tracy L. Brink-Brooks
Signature of Notary Public



(SEAL)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

(SEAL)

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EXHIBIT "B"

LEGAL DESCRIPTION OF THE ESTATES PROPERTY

All that certain real property situated in the County of San Diego, State of California, described as follows:

Parcel 2, in the County of San Diego, State of California, as described in that certain Certificate of Compliance recorded December 23, 1983 as File/Page No. 83-469613 of Official Records, in the Office of the County Recorder of San Diego County, being that portion of Rancho San Jose del Valle, per Patent dated January 16, 1880 in Book 2, Page 73 of Patents, records of San Diego County, in the County of San Diego, State of California, described as follows:

Beginning at the Southwesterly corner of Lot 65 of Los Tules Unit No. 2, Map thereof No. 2371, as filed in the Office of the County Recorder of San Diego County, being also a point in the Easterly line of lot 80 of Los Tules Unit No. 3, Map thereof No. 5777; thence along said Easterly line, and its Southerly prolongation, South 06°21'00" West, 620.00 feet; thence South 01°50'09" West 780.40 feet; thence South 28°55'35" East 217.08 feet; thence East 455 feet, more or less, to the Easterly right of way of that road easement recorded October 7, 1974 as File/Page No. 74-268615 of Official Records; thence Southerly along said Easterly right of way 125.00 feet; thence South 67°00'00" West 400.00 feet; thence South 23°23'07" West, 201.56 feet; thence South 43°31'52" East 275.86 feet; thence South 63°00'15" East 594.81 feet; thence South 33°41'24" East, 649.00 feet; thence South 53°07'48" East, 275.00 feet; thence East 500.00 feet; thence South 31°42'54" East 523.12 feet; thence East 1190.00 feet; thence North 31°25'46" West 210.95 feet; thence North 41°55'43" West 725.83 feet; thence North 08°51'53" West 551.59 feet; thence West 665.00 feet; thence North 75°08'05" West 838.05 feet; thence North 13°35'10" West 617.27 feet; thence North 63°38'44" East 608.22 feet; thence North 15°56'43" East 400.41 feet to a point in the Southerly boundary of said Map No. 2371; thence in a general Westerly direction, along said Southerly boundary to the Point of Beginning.

APN: 137-090-37-00

C:\Users\Owner\Desktop\Michael's MS Word (North Highlands at Warner Springs Construction and Use Agreement-1)\Construction and Use Agreement-1.doc

8749

EXHIBIT "C"

ASSOCIATION EASEMENT AREA LEGAL DESCRIPTION

A STRIP OF LAND 100.00 FEET IN WIDTH, OVER THAT PORTION OF PARCEL 2 AS DESCRIBED IN CERTIFICATE OF COMPLIANCE, RECORDED DECEMBER 23, 1983 AS FILE NO. 83-488613 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY BEING A PORTION OF RANCHO JOSE DEL VALLE, PER PATENT DATED JANUARY 16, 1880 IN BOOK 2, PAGE 73 OF PATENTS, RECORDS OF SAN DIEGO COUNTY, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, THE CENTERLINE OF SAID STRIP DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF LOT 59 OF LOS TULES, UNIT NO. 2, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 2371, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 5, 1946, WHICH BEARS NORTH 62°06'58" WEST (RECORD NORTH 62°06'16" WEST AND NORTH 62°23'07" WEST), 0.97 FEET FROM THE MOST SOUTHERLY CORNER OF SAID LOT, SAID POINT BEING A POINT ON THE CENTERLINE OF LOS COYOTES ROAD - BIA ROUTE 42, AS SHOWN ON RIGHT OF WAY PLAT NO. 37-7-33 ON FILE IN THE OFFICE OF THE BUREAU OF INDIAN AFFAIRS, SACRAMENTO, CALIFORNIA, AT ENGINEER'S STATION 2+55.28, AND AS DESCRIBED IN AN EASEMENT GRANTED TO THE UNITED STATES OF AMERICA RECORDED OCTOBER 7, 1974 AS FILE/PAGE 74-258515 OF OFFICIAL RECORDS, SAID POINT BEARS SOUTH 1°10'12" WEST (RECORD), A DISTANCE OF 2980.42 FEET FROM CORNER NO. 22 OF RANCHO SAN JOSE DEL VALLE, SAID POINT ALSO BEING THE BEGINNING OF A NON-TANGENT 275 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 42°17'58" EAST (RECORD SOUTH 42°26'17" EAST); THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE 156.39 FEET THROUGH A CENTRAL ANGLE OF 32°35'03" TO ENGINEER'S STATION P.T. 4+21.65; THENCE SOUTH 80°17'05" WEST (RECORD 80°08'46" WEST), 48.16 FEET TO ENGINEER'S STATION P.C. 4+69.81, AND THE BEGINNING OF A TANGENT 500.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE 757.47 FEET THROUGH A CENTRAL ANGLE OF 88°48'00" TO ENGINEER'S STATION P.T. 12+27.28; THENCE SOUTH 08°30'55" EAST (RECORD SOUTH 6°39'14" EAST), 178.13 FEET TO ENGINEER'S STATION P.C. 14+05.41 AND THE BEGINNING OF A TANGENT 900.00 FOOT RADIUS CURVE CONCAVE WESTERLY; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE 330.39 FEET THROUGH A CENTRAL ANGLE OF 21°02'00" TO ENGINEER'S STATION P.T. 17+35.80; THENCE SOUTH 14°31'05" WEST (RECORD SOUTH 14°22'48" WEST), 244.19 FEET TO ENGINEER'S STATION P.C. 19+79.99 AND THE BEGINNING OF A TANGENT 275.00 FOOT RADIUS CURVE CONCAVE EASTERLY; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE 397.09 FEET THROUGH A CENTRAL ANGLE OF 82°44'00" TO ENGINEER'S STATION P.T. 23+77.08; THENCE SOUTH 58°12'55" EAST, (RECORD SOUTH 88°21'14" EAST), 402.27 FEET TO ENGINEER'S STATION P.C. 27+79.35 AND THE BEGINNING OF A TANGENT 500.00 FOOT RADIUS CURVE CONCAVE SOUTHWESTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE 438.51 FEET THROUGH A CENTRAL ANGLE OF 50°15'00" TO ENGINEER'S STATION 32+17.35; THENCE SOUTH 17°57'55" EAST (RECORD SOUTH 18°08'14" EAST), 178.27 FEET TO ENGINEER'S STATION P.C. 33+93.83 AND THE BEGINNING OF A TANGENT 300.00 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE 255.03 FEET THROUGH A CENTRAL ANGLE OF 48°42'29"; THENCE LEAVING SAID CURVE SOUTH 25°57'37" WEST, 8.21 FEET TO THE BEGINNING OF A TANGENT 200.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE 133.13 FEET THROUGH A CENTRAL ANGLE OF 38°08'21"; THENCE SOUTH 84°05'59"

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8750.

WEST, 448.93 FEET TO THE SOUTHWESTERLY LINE OF SAID PARCEL 2 AND THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID LINE 250.08 FEET TO THE BEGINNING OF A TANGENT 150.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE 8.85 FEET THROUGH A CENTRAL ANGLE OF 02°38'57"; THENCE SOUTH 81°28'02" WEST, 282.41 FEET TO THE BEGINNING OF A TANGENT 500.00 FOOT RADIUS CURVE CONCAVE NORTHERLY; THENCE WESTERLY ALONG THE ARC OF SAID CURVE 487.71 FEET THROUGH A CENTRAL ANGLE OF 55°53'18"; THENCE NORTH 82°37'42" WEST, 382.63 FEET TO THE BEGINNING OF A TANGENT 500.00 FOOT RADIUS CURVE CONCAVE SOUTHERLY; THENCE WESTERLY ALONG THE ARC OF SAID CURVE 225.33 FEET THROUGH A CENTRAL ANGLE OF 25°49'17"; THENCE NORTH 84°28'59" WEST, 270.80 FEET TO THE BEGINNING OF A TANGENT 300.00 FOOT RADIUS CURVE CONCAVE NORTHERLY; THENCE WESTERLY ALONG THE ARC OF SAID CURVE 79.83 FEET THROUGH A CENTRAL ANGLE OF 15°14'50"; THENCE NORTH 73°12'10" WEST, 511.08 FEET TO THE BEGINNING OF A TANGENT 300.00 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE 238.38 FEET THROUGH A CENTRAL ANGLE OF 46°08'32"; THENCE NORTH 28°03'38" WEST, 287.89 FEET TO THE BEGINNING OF A TANGENT 500.00 FOOT RADIUS CURVE CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE 108.02 FEET THROUGH A CENTRAL ANGLE OF 12°22'40"; THENCE NORTH 40°28'18" WEST, 552.28 FEET TO THE BEGINNING OF A TANGENT 500.00 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE 304.59 FEET THROUGH A CENTRAL ANGLE OF 34°54'14"; THENCE NORTH 05°32'04" WEST, 783.02 FEET TO A POINT ON THE SOUTHERLY LINE OF STATE HIGHWAY 78 AND THE POINT OF TERMINUS.

THE SIDELINES OF SAID STRIP OF LAND TO BE PROLONGED OR SHORTENED SO AS TO TERMINATE EASTERLY ON THE SOUTHWESTERLY LINE OF SAID PARCEL 2 AND NORTHERLY ON THE SOUTHERLY LINE OF HIGHWAY 78.



Description: San Diego, CA Document-Year.DocID 2009.589275 Page: 13 of 16
Order: 2 Comment:

8752

EXHIBIT "E"

ESTATES EASEMENT AREA LEGAL DESCRIPTION

A STRIP OF LAND 8.00 FEET IN WIDTH, OVER THAT PORTION OF PARCEL 2 AS DESCRIBED IN CERTIFICATE OF COMPLIANCE, RECORDED DECEMBER 23, 1983 AS FILE NO. 83-489813 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY BEING A PORTION OF RANCHO JOSE DEL VALLE, PER PATENT DATED JANUARY 18, 1880 IN BOOK 2, PAGE 73 OF PATENTS, RECORDS OF SAN DIEGO COUNTY, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, THE SOUTHERLY LINE OF SAID STRIP DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHWESTERLY LINE OF LOT 59 OF LOS TULES, UNIT NO. 2, IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 2371, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, DECEMBER 5, 1948, WHICH BEARS NORTH 82°08'58" WEST (RECORD NORTH 82°08'16" WEST AND NORTH 82°23'07" WEST), 0.87 FEET FROM THE MOST SOUTHERLY CORNER OF SAID LOT, SAID POINT BEING A POINT ON THE CENTERLINE OF LOS COYOTES ROAD - BIA ROUTE 42, AS SHOWN ON RIGHT OF WAY PLAT NO. 37-7-33 ON FILE IN THE OFFICE OF THE BUREAU OF INDIAN AFFAIRS, SACRAMENTO, CALIFORNIA, AT ENGINEER'S STATION 2+85.28, AND AS DESCRIBED IN AN EASEMENT GRANTED TO THE UNITED STATES OF AMERICA RECORDED OCTOBER 7, 1974 AS FILE/PAGE 74-268815 OF OFFICIAL RECORDS, SAID POINT BEARS SOUTH 1°10'12" WEST (RECORD), A DISTANCE OF 2980.42 FEET FROM CORNER NO. 22 OF RANCHO SAN JOSE DEL VALLE, SAID POINT ALSO BEING THE BEGINNING OF A NON-TANGENT 275 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 42°17'58" EAST (RECORD SOUTH 42°28'17" EAST); THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE 158.39 FEET THROUGH A CENTRAL ANGLE OF 32°35'03" TO ENGINEER'S STATION P.T. 4+21.85; THENCE SOUTH 80°17'05" WEST (RECORD 80°08'46" WEST), 48.16 FEET TO ENGINEER'S STATION P.C. 4+89.81, AND THE BEGINNING OF A TANGENT 500.00 FOOT RADIUS CURVE CONCAVE SOUTHEASTERLY; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE 757.47 FEET THROUGH A CENTRAL ANGLE OF 88°48'00" TO ENGINEER'S STATION P.T. 12+27.28; THENCE SOUTH 08°30'55" EAST (RECORD SOUTH 8°39'14" EAST), 178.13 FEET TO ENGINEER'S STATION P.C. 14+05.41 AND THE BEGINNING OF A TANGENT 900.00 FOOT RADIUS CURVE CONCAVE WESTERLY; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE 330.38 FEET THROUGH A CENTRAL ANGLE OF 21°02'00" TO ENGINEER'S STATION P.T. 17+35.80; THENCE SOUTH 14°31'05" WEST (RECORD SOUTH 14°22'48" WEST), 244.18 FEET TO ENGINEER'S STATION P.C. 19+79.99 AND THE BEGINNING OF A TANGENT 275.00 FOOT RADIUS CURVE CONCAVE EASTERLY; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE 397.09 FEET THROUGH A CENTRAL ANGLE OF 82°44'00" TO ENGINEER'S STATION P.T. 23+77.08; THENCE SOUTH 88°12'55" EAST (RECORD SOUTH 88°21'14" EAST), 402.27 FEET TO ENGINEER'S STATION P.C. 27+79.35 AND THE BEGINNING OF A TANGENT 500.00 FOOT RADIUS CURVE CONCAVE SOUTHWESTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE 438.51 FEET THROUGH A CENTRAL ANGLE OF 60°15'00" TO ENGINEER'S STATION 32+17.36; THENCE SOUTH 17°57'56" EAST (RECORD SOUTH 18°08'14" EAST), 178.27 FEET TO ENGINEER'S STATION P.C. 33+93.63 AND THE BEGINNING OF A TANGENT 300.00 FOOT RADIUS CURVE CONCAVE NORTHEASTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE 255.04 FEET THROUGH A CENTRAL ANGLE OF 48°42'29"; THENCE LEAVING SAID CURVE SOUTH 25°57'37" WEST, 8.21 FEET TO THE BEGINNING OF A TANGENT 200.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE 133.13 FEET THROUGH A CENTRAL ANGLE OF 38°08'21"; THENCE SOUTH 64°05'59"

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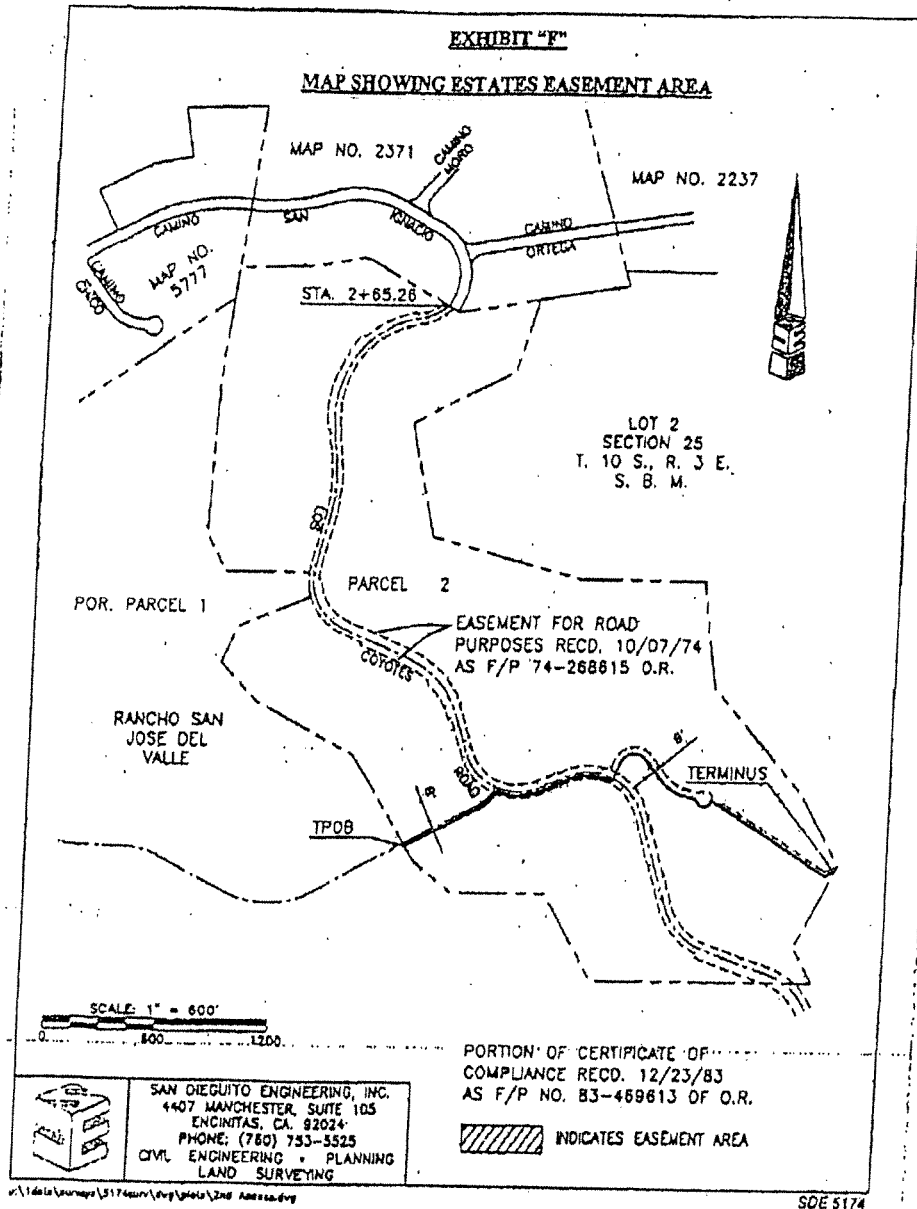
8753

WEST, 446.93 FEET TO THE SOUTHWESTERLY LINE OF SAID PARCEL 2; THENCE
ALONG SAID LINE SOUTH 33°27'33" EAST (RECORD SOUTH 33°41'24" EAST), 20.18 TO
THE TRUE POINT OF BEGINNING; THENCE NORTH 64°05'59" EAST, 444.28 FEET TO THE
BEGINNING OF A TANGENT 220.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY;
THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE 136.10 FEET THROUGH A
CENTRAL ANGLE OF 35°26'39" TO THE BEGINNING OF A NON-TANGENT 320.00 FOOT
RADIUS CURVE CONCAVE NORTHERLY, A RADIAL LINE THROUGH SAID POINT BEARS
SOUTH 19°56'37" WEST; THENCE EASTERLY ALONG THE ARC OF SAID CURVE 239.18
FEET THROUGH CENTRAL ANGLE OF 42°49'32"; THENCE NORTH 87°07'05" EAST, 155.61
FEET TO THE BEGINNING OF A TANGENT 280.00 FOOT RADIUS CURVE CONCAVE
SOUTHERLY; THENCE EASTERLY ALONG THE ARC OF SAID CURVE 245.11 FEET
THROUGH A CENTRAL ANGLE OF 60°09'19"; THENCE NORTH 23°10'39" EAST, 102.10
FEET TO THE BEGINNING OF A TANGENT 80.00 FOOT RADIUS CURVE CONCAVE
SOUTHERLY; THENCE EASTERLY ALONG THE ARC OF SAID CURVE 164.75 FEET
THROUGH A CENTRAL ANGLE OF 117°59'37"; THENCE SOUTH 38°49'46" EAST, 136.84
FEET TO THE BEGINNING OF A TANGENT 220.00 FOOT RADIUS CURVE CONCAVE
NORTHEASTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE 134.14
FEET THROUGH A CENTRAL ANGLE OF 34°55'09"; THENCE SOUTH 73°46'54" EAST,
72.72 FEET TO THE BEGINNING OF A TANGENT 24.00 FOOT RADIUS CURVE CONCAVE
SOUTHWESTERLY; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE 20.61
FEET THROUGH A CENTRAL ANGLE OF 49°40'47" TO A POINT OF REVERSE 44.00 FOOT
RADIUS CURVE CONCAVE NORTHERLY, A RADIAL THROUGH SAID POINT BEARS
SOUTH 85°34'54" WEST; THENCE EASTERLY ALONG THE ARC OF SAID CURVE 101.84
FEET THROUGH A CENTRAL ANGLE OF 132°38'37"; THENCE LEAVING SAID CURVE
SOUTH 68°42'03" EAST, 42.47 FEET; THENCE SOUTH 58°03'58" EAST, 691.42 FEET;
THENCE NORTH 68°08'20" EAST, 58.70 FEET TO THE SOUTHEASTERLY LINE OF SAID
PARCEL 2 AND THE POINT OF TERMINUS.

THE NORTHERLY LINE OF SAID STRIP OF LAND TO BE PROLONGED OR SHORTENED
SO AS TO TERMINATE WESTERLY ON THE SOUTHWESTERLY LINE OF SAID PARCEL 2
AND EASTERLY ON THE SOUTHEASTERLY LINE OF SAID PARCEL 2.



8754



Warner Springs Ranch Resort, LLC

QUITCLAIM DEED

THIS QUITCLAIM DEED, made this ____ day of _____, 2013, between WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation whose legal address is _____

_____ (the “Grantor”), and WARNER SPRINGS RANCH RESORT, LLC, a California limited liability company, whose legal address is _____

(the “Grantee”), pursuant to that certain Sale Order entered into on _____, 2013, by and United States Bankruptcy Court for the District of California and recorded in the Official Records of San Diego, California on _____, 2013, as Document No. _____:

WITNESSETH, that the Grantor, in exchange for the consideration as set forth in the Purchase Agreement, described below, the receipt and sufficiency of which are hereby acknowledged, has REMISED, RELEASED, sold, conveyed and quitclaimed, AND BY THESE PRESENTS DOES REMISE, RELEASE, SELL, CONVEY AND QUITCLAIM, unto the Grantee, its heirs, successors and assigns forever, all the right, title, interest, claim and demand which the Grantor has in and to the real property, together with improvements, if any, situated, lying and being in the city of San Diego, County of San Diego, State of California, legally described as:

See Exhibit “A” attached hereto and incorporated herein by reference (the “Land”).

TO HAVE AND TO HOLD the same, together with all and singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, rights, title, interest and claim whatsoever, of the Grantor, either in law or equity, to the only proper use, benefit and behoof of the Grantee, its successors and assigns forever[, subject only to the matters set forth on Exhibit “B” which is attached hereto and incorporated herein by this reference (the “Permitted Title Exceptions”) – **to be modified as required by Title Company and consistent with Section 10.c. of the PSA**]. The singular number shall include the plural, the plural and the singular, and the use of any gender shall be applicable to all genders.

EXCEPT AS EXPRESSLY SET FORTH IN THAT CERTAIN PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTION BETWEEN GRANTOR AND

EXHIBIT "D"

BILL OF SALE

STATE OF CALIFORNIA §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF SAN DIEGO §

THIS BILL OF SALE is made by the undersigned, WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation ("Seller"), in favor of WARNER SPRINGS RANCH RESORT, a California limited liability company ("Buyer"). Seller and Buyer may be individually referred to herein as a "Party" or collectively referred to herein as "Parties."

WHEREAS, this Bill of Sale is being entered into pursuant to and in accordance with that certain Purchase and Sale Agreement and Escrow Instructions, dated _____, 2012, by and between Seller and Buyer (as amended and assigned, the "Purchase Agreement"). Capitalized terms used herein without definition shall have the meaning given to such terms in the Purchase Agreement; and

WHEREAS, Seller has of even date herewith conveyed to Buyer the Property; and

WHEREAS, pursuant to the Purchase Agreement, Seller is to sell, convey, and transfer to Buyer, by bill of sale, all of Seller's right, title and interest in and to the Personal Property.

NOW, THEREFORE, subject to and in accordance with the Purchase Agreement, and in exchange for the consideration as set forth in the above described Purchase Agreement and of the premises, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller has GIVEN, GRANTED, CONVEYED, ASSIGNED, TRANSFERRED, BARGAINED, SOLD, REMISED, RELEASED, ALIENATED, SET OVER, and CONFIRMED, and by these presents does GIVE, GRANT, CONVEY, ASSIGN, TRANSFER, BARGAIN, SELL, REMISE, RELEASE, ALIENATE, SET OVER, and CONFIRM unto Buyer, its successors and assigns, forever, as an entirety, without representation or warranty, all of Seller's right, title, and interest in and to all of the Personal Property (subject to the Leases, as applicable).

PROVIDED, HOWEVER, that nothing herein shall be deemed to constitute an assignment or an attempt to assign the Personal Property or any licenses, franchises, permits, and other governmental authorizations held by Seller relating to the Property or used by Seller in connection with the operation and management of the Property which are not permitted to be assigned by any federal, state, or local governmental or quasi-governmental authority, and if any such license, franchise, permit, or other governmental authorization may not be fully assignable except with the approval of any federal, state, or local governmental or quasi-governmental authority, then assignment shall occur only upon obtaining such approval.

TO HAVE AND TO HOLD all of Seller's interest in the Personal Property unto Buyer, its successors and assigns forever.

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____, 2013, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature _____
Notary Public

(Seal)

EXHIBIT "E"

ASSIGNMENT AND ASSUMPTION OF ASSUMED LEASES

THIS ASSIGNMENT AND ASSUMPTION OF LEASES ("Assignment"), is made and entered into effective the ____ day of _____, 2013, by and between WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation ("Assignor"), and WARNER SPRINGS RANCH RESORT, a California limited liability company, ("Assignee"), both of whom may be referred to herein as the "Parties" and each of whom may be referred to herein as a "Party."

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Escrow Instructions, dated December __, 2012 (as amended and assigned, the "Purchase Agreement"). Unless otherwise expressly provided herein, capitalized terms used in this Assignment shall have the meaning ascribed to such terms in the Purchase Agreement.

B. This Assignment is made pursuant to, as required by, and subject to the terms and conditions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Assignment of Leases. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignor hereby assigns, transfers, conveys and delivers to Assignee, and Assignee hereby accepts the assignment of, all of Assignor's right, title and interest in, to and under the Leases, all as listed or described on the attached Exhibit "A," attached hereto and incorporated herein by reference (the "Assumed Leases"). Notwithstanding the foregoing, the term "Assumed Leases" shall not include the Excluded Property and the Excluded Liabilities.

2. Assumption of Obligations. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignee hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon the lessor or landlord under the Assumed Leases accruing on or after the Closing.

3. Governing Law; Jurisdiction and Venue. This Assignment shall be governed by the laws of the State of California. The proper venue for any claims, causes of action or other proceedings concerning this Assignment shall be in the Bankruptcy Court.

4. Attorneys' Fees. In the event of any legal action between Assignor and Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

5. Binding Effect / No Third-Party Benefits. This Assignment and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns whenever the context so requires or permits. This Assignment is

for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns, and no third party is intended to or shall have any rights hereunder.

6. Entire Agreement. This Assignment and the Purchase Agreement are the entire agreement between the parties (and/or their respective affiliates) with respect to the Assumed Leases hereby assigned, and incorporates all prior agreements and understandings of the parties hereto.

7. Invalidity. If any part or provision of this Assignment is declared invalid by a court of competent jurisdiction, this Assignment shall be construed as if such part or provision did not exist, and the balance hereof shall be given full effect.

8. Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Assignment as of the date first above written.

ASSIGNOR:

WARNER SPRING RANCHOWNERS
ASSOCIATION, a California Non-Profit Mutual
Benefit Corporation

By: _____
Kang Won Lee, on behalf of
Board of Directors

ASSIGNEE:

WARNER SPRINGS RANCH RESORT, a
California limited liability company

By: _____
William H. McWethy, Jr.
Managing Member

To

ASSIGNMENT AND ASSUMPTION OF PERMITS

THIS ASSIGNMENT AND ASSUMPTION OF PERMITS (“Assignment”), is made and entered into effective the ____ day of _____, 2013, by and between WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation (“Assignor”), and WARNER SPRINGS RANCH RESORT, a California limited liability company, (“Assignee”), both of whom may be referred to herein as the “Parties” and each of whom may be referred to herein as a “Party.”

RECITALS

C. Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Escrow Instructions, dated December __, 2012 (as amended and assigned, the “Purchase Agreement”). Unless otherwise expressly provided herein, capitalized terms used in this Assignment shall have the meaning ascribed to such terms in the Purchase Agreement.

D. This Assignment is made pursuant to, as required by, and subject to the terms and conditions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Assignment of Permits. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignor hereby assigns, transfers, conveys and delivers to Assignee, and Assignee hereby accepts the assignment of, all of Assignor's right, title and interest in, to and under the Permits, all as listed or described on the attached Exhibit "A," attached hereto and incorporated herein by reference (the "Assumed Permits") to the extent the same are active and transferrable. Notwithstanding the foregoing, the term "Assumed Permits" shall not include the Excluded Property and the Excluded Liabilities.

2. Assumption of Obligations. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignee hereby assumes and agrees to perform and to be bound by all of the terms, covenants, conditions and obligations imposed upon the lessor or landlord under the Assumed Leases accruing on or after the Closing.

3. Governing Law; Jurisdiction and Venue. This Assignment shall be governed by the laws of the State of California. The proper venue for any claims, causes of action or other proceedings concerning this Assignment shall be in the Bankruptcy Court.

4. Attorneys' Fees. In the event of any legal action between Assignor and Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

5. Binding Effect / No Third-Party Benefits. This Assignment and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective

Signed by Judge Louise DeCarl Adler April 10, 2013

EXHIBIT "A"

To

Assignment and Assumption of Permits

To the extent they are active and transferrable:

LICENSES:

Cara Enterprises FCC system license

State of California Dept. of Alcohol Beverage Control Alcoholic Beverage License 41 235365 – On Sale Beer and Wine – Eating Place

State of California Dept. of Alcohol Beverage Control Alcoholic Beverage License 58 235366 – Caterer Permit

State of California Dept. of Alcohol Beverage Control Alcoholic Beverage License 47 235366 – On Sale General Eating Place

State of California Dept. of Alcohol Beverage Control Alcoholic Beverage License 20 360621 – Off Sale Beer and Wine

PERMITS

State of California (Board of Equalization) lead poisoning fee

State of California (Board of Equalization) environmental fee

Dept of Industrial Relations (State of California Cal/OSHA based on Workers' Comp/payroll)

Dept. of Industrial Relations (State of California Cal/DOSH, pressure vessel unit) propane tanks & air pressure tank

County of San Diego Agricultural water quality registration (37SW1213-01)

County of San Diego general hazardous materials permit HK07-104991

State Water Resources Control Board annual permit CA water Code (spring water released)

City of San Diego trucked industrial waster generator permit

Valley Crest pays for: County of San Diego Air Pollution (greens maintenance) #931043

County of San Diego – small water system health permit (LSWS-380959) - Inactive

Motion Picture licensing #12534680 - Closed

ASCAP (Music/Entertainment Licensing) Acct. #500609343 - Closed

County of San Diego Agricultural Weights and Measures (POS system permit - gas station cert 2361) - Closed

County of San Diego Air Pollution (gas station tanks) 2006-030256 (Permit fees paid 6/20/12 – Inactive)

County of San Diego Limited item hazardous materials permit (sodium hydro chloride) - Closed

County of San Diego food facility health permit - Closed

County of San Diego public pool 1 or more permit FR00-396338 (Fees paid/inactive)

SESAC (music/entertainment licensing) - Closed

State of California employee housing permit - (no employees in housing)

California Board of Equalization cigarette and tobacco license #LRQET 91-249549 – Closed

Any and all permit(s) (including but not limited to the permit dated June 4, 1991) or license(s) as may be affected or appropriate or necessary regarding the airport facility and transfer of rights to same to Buyer.

ASSIGNMENT OF INTANGIBLES

THIS ASSIGNMENT OF INTANGIBLES ("Assignment") is made and entered into effective as of the ____ day of _____, 2013, by and between WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation ("Assignor"), and WARNER SPRINGS RANCH RESORT, a California limited liability company ("Assignee").

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Escrow Instructions, dated as of December __, 2012 to time (as amended and assigned, the “Purchase Agreement”). Unless otherwise expressly provided herein, capitalized terms used in this Assignment shall have the meaning ascribed to such terms in the Purchase Agreement.

B. This Assignment is made pursuant to, as required by and subject to the terms and conditions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

Assignment of Intangibles. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignor hereby assigns, transfers, sets over and delivers to Assignee, without representation or warranty of any kind, all of Assignor's right, title and interest, if any, in and to all Intangibles (collectively, the "Assigned Property"). Notwithstanding the foregoing, the term "Assigned Property" shall not include the Excluded Property or the Excluded Liabilities.

Assumption of Obligations. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignee hereby assumes and agrees to (i) perform all of the obligations, terms and covenants of Assignor under and with respect to the Assigned Property, which obligations, terms and covenants accrue on or after the Closing, and (ii) be responsible for, and pay all costs related to, obtaining any required consent to the assignment and transfer of the Assigned Property.

Governing Law; Jurisdiction and Venue. This Assignment shall be governed by the laws of the State of California. The proper venue for any claims, causes of action or other proceedings concerning this Assignment shall be in the Bankruptcy Court.

Attorneys' Fees. In the event of any legal action between Assignor and Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

Binding Effect / No Third-Party Benefits. This Assignment and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns whenever the context so requires or permits. This Assignment is for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns, and no third party is intended to or shall have any rights hereunder.

ASSIGNMENT OF ENTITLEMENTS

THIS ASSIGNMENT OF ENTITLEMENTS ("Assignment") is made and entered into effective as of the ____ day of _____, 2013, by and between WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation ("Assignor"), and WARNER SPRINGS RANCH RESORT, a California limited liability company ("Assignee").

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Escrow Instructions, dated as of December __, 2012 to time (as amended and assigned, the “Purchase Agreement”). Unless otherwise expressly provided herein, capitalized terms used in this Assignment shall have the meaning ascribed to such terms in the Purchase Agreement.

B. This Assignment is made pursuant to, as required by and subject to the terms and conditions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

Assignment of Entitlements. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignor hereby assigns, transfers, sets over and delivers to Assignee, without representation or warranty of any kind, all of Assignor's right, title and interest, if any, in and to all Entitlements (collectively, the "Assigned Property"). Notwithstanding the foregoing, the term "Assigned Property" shall not include the Excluded Property or the Excluded Liabilities.

Assumption of Obligations. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignee hereby assumes and agrees to (i) perform all of the obligations, terms and covenants of Assignor under and with respect to the Assigned Property, which obligations, terms and covenants accrue on or after the Closing, and (ii) be responsible for, and pay all costs related to, obtaining any required consent to the assignment and transfer of the Assigned Property.

Governing Law; Jurisdiction and Venue. This Assignment shall be governed by the laws of the State of California. The proper venue for any claims, causes of action or other proceedings concerning this Assignment shall be in the Bankruptcy Court.

Attorneys' Fees. In the event of any legal action between Assignor and Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

Binding Effect / No Third-Party Benefits. This Assignment and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns whenever the context so requires or permits. This Assignment is for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns, and no third party is intended to or shall have any rights hereunder.

EXHIBIT "J"

ASSIGNMENT OF TRADENAMES AND TRADEMARKS

THIS ASSIGNMENT OF TRADE NAMES AND TRADEMARKS (this "Assignment"), is made and entered into effective as of the ____ day of _____, 2013, by and between WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation ("Assignor"), and WARNER SPRINGS RANCH RESORT, a California limited liability company, ("Assignee").

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Escrow Instructions, dated as of December __, 2012 to time (as amended and assigned, the "Purchase Agreement"). Unless otherwise expressly provided herein, capitalized terms used in this Assignment shall have the meaning ascribed to such terms in the Purchase Agreement.

B. This Assignment is made pursuant to, as required by and subject to the terms and conditions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

Assignment of Tradenames and Trademarks. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignor hereby assigns, transfers, sets over and delivers to Assignee, without representation or warranty of any kind, all of Assignor's right, title and interest, if any, in and to all Tradenames and Trademarks (collectively, the "Assigned Property"). Notwithstanding the foregoing, the term "Assigned Property" shall not include the Excluded Property or the Excluded Liabilities.

Assumption of Obligations. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignee hereby assumes and agrees to (i) perform all of the obligations, terms and covenants of Assignor under and with respect to the Assigned Property, which obligations, terms and covenants accrue on or after the Closing, and (ii) be responsible for, and pay all costs related to, obtaining any required consent to the assignment and transfer of the Assigned Property.

Governing Law; Jurisdiction and Venue. This Assignment shall be governed by the laws of the State of California. The proper venue for any claims, causes of action or other proceedings concerning this Assignment shall be in the Bankruptcy Court.

Attorneys' Fees. In the event of any legal action between Assignor and Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

Binding Effect / No Third-Party Benefits. This Assignment and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns whenever the context so requires or permits. This Assignment is for the

sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns, and no third party is intended to or shall have any rights hereunder.

Entire Agreement. This Assignment and the Purchase Agreement are the entire agreement between the parties (and/or their respective affiliates) with respect to the Entitlements hereby assigned, and incorporates all prior agreements and understandings of the parties hereto.

Invalidity. If any part or provision of this Assignment is declared invalid by a court of competent jurisdiction, this Assignment shall be construed as if such part or provision did not exist, and the balance hereof shall be given full effect.

Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNOR:

WARNER SPRINGS RANCHOWNERS
ASSOCIATION, a California Non-Profit Mutual
Benefit Corporation

By: _____
Kang Won Lee, on behalf of
Board of Directors

ASSIGNEE:

WARNER SPRINGS RANCH RESORT, a
California limited liability company

By: _____
William H. McWethy, Jr.
Managing Member

EXHIBIT "K"

ASSIGNMENT OF IP

THIS ASSIGNMENT OF IP ("Assignment") is made and entered into effective as of the ____ day of _____, 2013, by and between WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation ("Assignor"), and WARNER SPRINGS RANCH RESORT, a California limited liability company ("Assignee").

RECITALS

A. Assignor and Assignee are parties to that certain Purchase and Sale Agreement and Escrow Instructions, dated as of December __, 2012 to time (as amended and assigned, the "Purchase Agreement"). Unless otherwise expressly provided herein, capitalized terms used in this Assignment shall have the meaning ascribed to such terms in the Purchase Agreement.

B. This Assignment is made pursuant to, as required by and subject to the terms and conditions of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

Assignment of IP. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignor hereby assigns, transfers, sets over and delivers to Assignee, without representation or warranty of any kind, all of Assignor's right, title and interest, if any, in and to all IP (collectively, the "Assigned Property"). Notwithstanding the foregoing, the term "Assigned Property" shall not include the Excluded Property or the Excluded Liabilities.

Assumption of Obligations. Subject to the provisions of the Purchase Agreement, effective as of the Closing, Assignee hereby assumes and agrees to (i) perform all of the obligations, terms and covenants of Assignor under and with respect to the Assigned Property, which obligations, terms and covenants accrue on or after the Closing, and (ii) be responsible for, and pay all costs related to, obtaining any required consent to the assignment and transfer of the Assigned Property.

Governing Law; Jurisdiction and Venue. This Assignment shall be governed by the laws of the State of California. The proper venue for any claims, causes of action or other proceedings concerning this Assignment shall be in the Bankruptcy Court.

Attorneys' Fees. In the event of any legal action between Assignor and Assignee arising out of or in connection with this Assignment, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs of suit.

Binding Effect / No Third-Party Benefits. This Assignment and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns whenever the context so requires or permits. This Assignment is for the sole and exclusive benefit of the parties hereto and their respective successors and permitted assigns, and no third party is intended to or shall have any rights hereunder.

Entire Agreement. This Assignment and the Purchase Agreement are the entire agreement between the parties (and/or their respective affiliates) with respect to the Entitlements hereby assigned, and incorporates all prior agreements and understandings of the parties hereto.

Invalidity. If any part or provision of this Assignment is declared invalid by a court of competent jurisdiction, this Assignment shall be construed as if such part or provision did not exist, and the balance hereof shall be given full effect.

Counterparts. This Assignment may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNOR:

WARNER SPRINGS RANCHOWNERS
ASSOCIATION, a California Non-Profit Mutual
Benefit Corporation

By: _____
Kang Won Lee, on behalf of
Board of Directors

ASSIGNEE:

WARNER SPRINGS RANCH RESORT, a
California limited liability company

By: _____
William H. McWethy, Jr.
Managing Member

SECTION 1445 AFFIDAVIT

The undersigned, being duly sworn, hereby deposes, certifies and states on oath as follows:

That the undersigned, KANG WON LEE., is duly authorized to execute this Certificate of Non-Foreign Status in his representative capacity on behalf of WARNER SPRINGS RANCHOWNERS ASSOCIATION, a California Non-Profit Mutual Benefit Corporation (“Transferor”);

That the principal place of business, principal office and chief executive office of the Transferor is _____, _____, California ____.

That the Transferor is not a “foreign corporation,” “foreign partnership,” “foreign trust,” or “foreign estate,” as such terms are defined in the United States Internal Revenue Code of 1986, as amended (the “Code”), and Regulations promulgated thereunder, and is not otherwise a “foreign person,” as defined in Section 1445 of the Code;

That the Transferor's United States taxpayer identification number (Employer Identification Number) is: _____.

That the undersigned is making this Certificate of Non-Foreign Status pursuant to the provisions of Section 1445 of the Code in connection with the sale of the real property described on Exhibit "A," attached hereto and incorporated herein by reference, by the Transferor to WARNER SPRINGS RANCH RESORT, a California limited liability company ("Transferee"), which sale constitutes the disposition by the Transferor of a United States real property interest, for the purpose of establishing that the Transferee is not required to withhold tax pursuant to Section 1445 of the Code in connection with such disposition; and

That the undersigned acknowledges that this Certificate of Non-Foreign Status may be disclosed to the Internal Revenue Service and any other applicable governmental authorities by the Transferee, that this Certificate of Non-Foreign Status is made under penalty of perjury, and that any false statement made herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined the foregoing Certificate of Non-Foreign Status and I hereby certify that it is true, correct and complete.

KANG WON LEE, on behalf of Board of Directors
of WARNER SPRINGS RANCHOWNERS
ASSOCIATION

[illegible]

On _____, 2013 before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature _____
Notary Public

(Seal)

EXHIBIT "M"

CALIFORNIA WITHHOLDING EXEMPTION CERTIFICATE

FORM 593-C

SEE ATTACHED

YEAR _____

CALIFORNIA FORM

2012 Real Estate Withholding Certificate 593-C

Part I – Seller's Information Return this form to your escrow company.

Name _____		SSN or ITIN _____	
Spouse's/RDP's name (if jointly owned) _____		Spouse's/RDP's SSN or ITIN (if jointly owned) _____	
Address (suite, room, PO Box, or PMB no.) _____		<input type="checkbox"/> FEIN <input type="checkbox"/> CA Corp no. <input type="checkbox"/> SOS file no.	
City _____	State _____	ZIP Code _____	Ownership percentage _____ %
Property address (if no street address, provide parcel number and county) _____			

To determine whether you qualify for a full or partial withholding exemption, check all boxes that apply to the property being sold or transferred.
(See line-by-line notes in the instructions)

Part II – Certifications which fully exempt the sale from withholding:

1. ☐ The property qualifies as the seller's (or decedent's, if sold by the decedent's estate) principal residence within the meaning of Internal Revenue Code (IRC) Section 121.
2. ☐ The seller (or decedent, if sold by the decedent's estate) last used the property as the seller's (or decedent's) principal residence within the meaning of IRC Section 121 without regard to the two-year time period.
3. ☐ The seller has a loss or zero gain for California income tax purposes on this sale. To check this box you must complete Form 593-E, Real Estate Withholding-Computation of Estimated Gain or Loss, and have a loss or zero gain on line 16.
4. ☐ The property is being compulsorily or involuntarily converted and the seller intends to acquire property that is similar or related in service or use to qualify for nonrecognition of gain for California income tax purposes under IRC Section 1033.
5. ☐ The transfer qualifies for nonrecognition treatment under IRC Section 351 (transfer to a corporation controlled by the transferor) or IRC Section 721 (contribution to a partnership in exchange for a partnership interest).
6. ☐ The seller is a corporation (or a limited liability company (LLC) classified as a corporation for federal and California income tax purposes) that is either qualified through the California Secretary of State (SOS) or has a permanent place of business in California.
7. ☐ The seller is a California partnership or a partnership qualified to do business in California (or an LLC that is classified as a partnership for federal and California income tax purposes and is not a single member LLC that is disregarded for federal and California income tax purposes). If this box is checked, the partnership or LLC must still withhold on nonresident partners or members.
8. ☐ The seller is a tax-exempt entity under California or federal law.
9. ☐ The seller is an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust.

Part III – Certifications that may partially or fully exempt the sale from withholding:

Real Estate Escrow Person (REEP): See instructions for amounts to withhold.

10. ☐ The transfer qualifies as a simultaneous like-kind exchange within the meaning of IRC Section 1031.
11. ☐ The transfer qualifies as a deferred like-kind exchange within the meaning of IRC Section 1031.
12. ☐ The transfer of this property is an installment sale where the buyer is required to withhold on the principal portion of each installment payment. Copies of Form 593-I, Real Estate Withholding Installment Sale Acknowledgement, and the promissory note are attached.

Part IV – Seller's Signature

Under penalties of perjury, I hereby certify that the information provided above is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent. I understand that the Franchise Tax Board may review relevant escrow documents to ensure withholding compliance and that completing this form does not exempt me from filing a California income or franchise tax return to report this sale.

Seller's Name and Title _____ Seller's Signature _____ Date _____
Spouse's/RDP's Name _____ Spouse's/RDP's Signature _____ Date _____

Please verify that the SSN or ITIN listed above in Part I of this form is correct.

Seller: If you checked any box in Part II, you are exempt from real estate withholding.
If you checked any box in Part III, you may qualify for a partial or complete withholding exemption.
If you did not check any box in Part II or Part III, the withholding will be 3 1/3% (.0333) of the total sales price or the optional gain on sale withholding amount certified by seller on Form 593, Real Estate Withholding Tax Statement.
If you are withheld upon, the withholding agent should give you one copy of Form 593. Attach a copy to the lower front of your California income tax return and make a copy for your records.

Keep Form 593-C for five years following the close of the transaction. You must furnish the form to the Franchise Tax Board upon request.

For Privacy Notice, get form FTB 1131.

7131123

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Form 593-C cz 2011

ALLOCATION OF PURCHASE PRICE

Category	%	\$
Land, Etal	15	
Site & Landscape	10	
Buildings	25	
Wastewater Systems, Wells and Tanks	10	
Mineral Spa	5	
Personal Property	15	
Goodwill, IP & Intangibles	5	
Other	10	
Greens, Tees & Irrigation System	<u>5</u>	
	100%	\$

EXHIBIT “Q”

OFFICER'S CERTIFICATE OF ADOPTION

See Attached

Schedule 2a.(5)

PERSONAL PROPERTY

All fixtures, trade fixtures, vehicles, machinery, appliances, tools, signs, equipment, systems, telephone equipment and systems, computer equipment and systems, satellite dishes and related equipment and systems, security equipment and systems, inventories, supplies and all other items of tangible and intangible personal property owned by WSRA located on or used in connection with the ownership, management and/or operating of the Property, but specifically excluding any Excluded Property and Excluded Liabilities.

Schedule 2a.(6)

ASSUMED LEASES

Assumed Leases

1. Lease dated June 9, 1995, between Warner Springs Ranchowners Association, as Lessor, and Warner Unified School District, as Lessee, recorded with the San Diego County Recorder on August 2, 1995, as Document No. 1995-332639, and as amended.
2. Lease dated November 1, 2000 between Warner Springs Ranchowners Association, as Landlord, and Air Touch Cellular dba Verizon Wireless, as Tenant, recorded with the San Diego County Recorder on December 19, 2000, as Document No. 2000-690417, and as amended.
3. Lease dated September 1, 2005, between Warner Springs Ranchowners Association, as Lessor, and Vista Towers, LLC, as Lessee, with the San Diego County Recorder on November 6, 2009, as Document No. 2009-0623076, and as amended.
4. Ground Lease effective September 1, 2008, between Warner Springs Ranchowners Association, as Landlord, and United States Postal Service, as Tenant.

Assumed License

License Agreement dated June 9, 1995, between Warner Unified School District (“WUSD”), as Licensor, and Warner Springs Ranchowners Association (“WSRA”), as Licensee, whereby WUSD granted WSRA the right to use a portion of the WUSD Property for the purposes of “establishing and maintaining equestrian trails for recreation purposes” (as depicted on Exhibit I to License Agreement), recorded with the San Diego County Recorder on August 2, 1995, as Document No. 1995-332639.

Schedule 2a.(7)

ASSUMED CONTRACTS

NONE

PERMITS

LICENSES:

State of California Dept. of Alcohol Beverage Control Alcoholic Beverage License 20 360621 – Off Sale Beer and Wine

Any and all permit(s) (including but not limited to the permit dated June 4, 1991) or license(s) as may be affected or appropriate or necessary regarding the airport facility and transfer of rights to same to Buyer.

Schedule 2a.(9)

INTANGIBLES

All of Seller's right, title and interest in the intangible personal property relating to the Property or the business of owning, operating, maintaining or managing the Property, including, without limitation, goodwill and claims as authorized by the Bankruptcy Court pursuant to the Sale Order, but specifically excluding the Excluded Property and the Excluded Liabilities.

Schedule 2a.(10)

ENTITLEMENTS

All of Seller's right, title and interest in and to all land use entitlements, development rights, sewer capacity, density allocations and other rights or approvals relating to or authorizing the ownership, development and/or operation of the Property; all plans and specifications, all contract rights (including, without limitation, any and all guarantees and warranties relating to the construction of any Improvements); all development and land use rights, applications, architectural and engineering plans and reports, specifications and drawings, as-built drawings, maps; and any documents of the same or similar nature pertaining to the Property, but specifically excluding the Excluded Property and the Excluded Liabilities.

Schedule 2a.(11)

TRADE NAMES AND TRADEMARKS

All of WSRA's right, title and interest in tradenames, trademarks, service marks, and/or logos of and domain names relating to Property, whether or not registered, and all fictitious business names and other intellectual property registrations or filings with regard to the foregoing, as authorized by the Bankruptcy Court pursuant to the Sale Order owned by WSRA used in connection with the ownership, management and/or operating of the Property, but specifically excluding any Excluded Property and Excluded Liabilities.

Schedule 2a.(12)

IP

All of Seller's right, title and interest in the intellectual personal property relating to the Property or the business of owning, operating, maintaining or managing the Property, including, without limitation, goodwill and claims as authorized by the Bankruptcy Court pursuant to the Sale Order, but specifically excluding the Excluded Property and the Excluded Liabilities.

Schedule 2B

EXCLUDED PROPERTY

1. Originals of Books and Records
2. Tax Records
3. Memberships
4. Originals of Membership Documents
5. Personal property located at the Equestrian Center and owned by members of WSRA and any other boarders
6. Income tax attributes of Seller, including WSRA
7. The following equipment and supplies (“Wind Down Equipment and Supplies”)
 - WatchGuard Firewall
 - NetGear 48 port 1GB switch (3)
 - Dell PE 2950 Rack Server
 - Dell PE 2600 Tower Server
 - NetGear NAS 3TB device
 - Brother MD98xx series all in one (2)
 - ABACUS 441 Software
 - Windows Server Software
 - MS Exchange 2007 Software
 - Avocent KVM w/monitor & input
 - Battery back-up – Dell rack
 - Netware 6 50 user
 - Signature Systems Con (3)
 - Dell Optiplex 210L Workstations (3)
 - Various 17” and 24” monitors
 - HP laserjet 4250 series
 - Calculators (3)
 - Chair, desk (3)
 - Chair, visitor (6)
 - Desk, large (3)
 - Microwave
 - Refrigerator, small
 - Shredder, large
 - File cabinet, fire safe
 - File cabinets, horizontal 2-drawer

- Trash cans, tall (3)
- Pitney Bowes Mailing Machine

The Wind Down Equipment and Supplies may be used by WSRA for as long as reasonably necessary to complete the wind down of WSRA and the operations/business of WSRA. Thereafter, all of the Wind Down Equipment and Supplies (to the extent remaining and as then constituted), shall automatically be deemed part of the Personal Property pursuant to this Agreement and shall be deemed transferred and conveyed by Seller to Buyer.

Notice Recipients

District/Off: 0974-3

User: tbobis

Date Created: 4/10/2013

Case: 12-03031-LA11

Form ID: pdfO6

Total: 3

Recipients of Notice of Electronic Filing:

aty	Jeffrey D. Cawdrey	jcawdrey@gordonrees.com
aty	Megan Adeyemo	madeyemo@gordonrees.com

TOTAL: 2

Recipients submitted to the BNC (Bankruptcy Noticing Center):

db	Warner Springs Ranchowners Association	P.O. Box 10	Warner Springs, CA 92086
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TOTAL: 1